the whim of the common man, though he could express his preferences.

The design of the framers of the Constitution was never really carried out. No one needed to deliberate over the choice for President when George Washington was the candidate, and by 1800, the nation had an incipient political party system which had not been foreseen or even contemplated. With political parties came the end of the idea of an independent elector chosen among the elite. The pledged elector, instructed to vote for a certain party candidate, reflected a publicly announced slate of names bound to vote a certain way in the Electoral College. The independent role of the several states grew with each election, and any idea of a President elected by a democratic majority of the total vote of the American people gradually faded into the complex and unworkable Electoral College system we are now saddled with—unworkable and explosively dangerous.

Last month, the *Fordham Law Review* published a thoroughgoing study of the Electoral College—and why it should be abolished—a study so sharply expressed and logically presented that it bears quotation here. The critique points out that while the United States has been lucky in the caliber of its Presidents and fortunate to have avoided a Constitutional crisis because of the dangers and defects of the Electoral College, experience dictates immediate attention to the matter before it spells chaos and disaster. There is little doubt in any rational mind by now, especially after November 5, that the Electoral College poses a serious threat to the stability of our Presidential system.

To win the Presidency a man needs only a majority of electoral, not popular, votes. Such a majority is quite possible without a plurality of the total popular vote. Indeed, on fifteen occasions we have elected a President who did not have a plurality. In three Presidential elections we denied the White House to a man who had actually drawn more than half the popular vote. In 1876, Governor Samuel J. Tilden of New York, for example, polled 250,000 more votes than Rutherford B. Hayes or 51 per cent of a total vote of just over 8,000,000, but the Republican became President through the idiotic mathematics of the Electoral College system coupled with post-Civil War political chicanery. In 1824, Andrew Jackson polled 155,000 votes to 105,000 for John Quincy Adams, but when Jackson did not have the required majority in the Electoral College, the election went to the House of Representatives, and after corrupt bargaining Adams was picked for President over a candidate who had polled half again as many popular votes.

As the Fordham survey says, it is in fact possible for a candidate to win a majority of the electoral votes with considerably less than one-fourth of the total popular vote. "If a candidate were to win a plurality of the popular votes in eleven large states plus one other state," it adds, "he would have a majority of the electoral votes even if he received no popular votes in the remaining thirty-eight states. This is an extreme example but it serves to underscore the anomaly."

The matter of disproportion spills over into the states, moreover, due to the fact that each state is entitled to at least three electoral votes. That means there is one electoral vote for every 75,000 voters in Alaska, one for every 260,000 votes in Arizona, one for every 330,000 votes in Virginia, and one for every 400,000 in California. But the advantage of living in a tiny state doesn't last long when one realizes that a voter in Alaska, Nevada, Delaware, Vermont, or Wyoming can influence only three electoral votes while a single voter in New York can influence the distribution of forty-three electoral votes. Nothing, indeed, makes much sense about the Electoral College any way you look at it, but worst of all, it is not truly democratic.

Resentment, unrest, public clamor for reform of the Electoral College would surely have followed the crisis we barely avoided after November 5. As television shrinks the country and draws each state nearer every other state in common problems, reactions, and solutions, something as antique as the Electoral College is simply a form of political Russian roulette, dangerous and potentially disastrous to our nation. On the other hand, if we are to go to a straight popular vote for President and Vice President we shall need federal safeguards to watch local balloting more closely. There are those who will never be convinced that Mayor Daley's Chicago vote which gave Kennedy the election over Nixon in 1960 by just over 8,000 votes was a legitimate count, and something along these lines seemed in prospect in Illinois for a while even this November. But with careful federal surveillance there is no logical reason why the Presidential election of 1972 should not be left to the total popular vote of the American people. We should not have to depend upon tricky and antiquated procedures in electing a man to the most powerful office in the world.

RECESS UNTIL 8:30 O'CLOCK P.M. TODAY

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate at this time, I move, pursuant to the order previously entered, that the Senate stand in recess until 8:30 o'clock p.m. today.

The motion was agreed to; and (at 5 o'clock and 23 minutes p.m.) the Senate took a recess until today, January 14, 1969, at 8:30 o'clock p.m.

At 8:30 p.m., under the previous order, the Senate was called to order by the Presiding Officer (Mr. BYRD of West Virginia in the chair).

Mr. MANSFIELD. Mr. President, at a quarter to 9 the Senate will proceed in a body to the Hall of the House of Representatives. It is my understanding that at that time the business of the Senate will in fact be concluded, and that at the end of the President's address, the Senate automatically, under the previous order, will stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The Senator's understanding is correct.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

JOINT SESSION OF THE TWO HOUSES—MESSAGE OF THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 1)

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the Hall of the House of Representatives for the joint session.

Thereupon (at 8 o'clock and 42 minutes p.m.), the Senate, preceded by the Secretary of the Senate (Francis R. Valeo), the Sergeant at Arms (Robert G. Dunphy), and the Vice President, proceeded to the Hall of the House of Representatives to hear the address by the President of the United States on the state of the Union.

(The address by the President of the United States, this day delivered by him to the joint session of the two Houses of Congress, appears in the proceedings of the House of Representatives in today's RECORD.)

RECESS

At the conclusion of the joint session of the two Houses, and in accordance with the order previously entered, at 9 o'clock and 56 minutes p.m. the Senate took a recess until tomorrow, January 15, 1969, at 12 o'clock meridian.

CONFIRMATION

Executive nominations confirmed by the Senate January 14 (legislative day of January 10), 1969;

U.S. COURT OF MILITARY APPEALS

William H. Darden, of Georgia, to be a member of the U.S. Court of Military Appeals for the remainder of the term expiring May 1, 1976.

HOUSE OF REPRESENTATIVES—*Tuesday, January 14, 1969*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Fear the Lord and serve him faithfully with all your heart; for consider what great things He has done for you.—1 Samuel 12: 24.

O Lord, grant unto us to so love Thee with all our minds, with all our hearts, with all our strength, and our neighbors as ourselves, that the grace of brotherly love may dwell in us, that all harshness and ill will may die and our hearts be filled with compassion and love. Thus may we rejoice in the happiness and good success of others by sympathizing with them in their sorrows, by ministering to them in their needs, and by helping them in their efforts for a greater life with dignity and self-respect.

Keep ever before us the shining goal of a greater nation and a better world seeking the way to peace and the road to freedom for all.

Incline our hearts with godly fear
To seek Thy face, Thy word revere;
Cause Thou all wrongs, all strife to cease,
And lead us in the paths of peace.

In the dear Redeemer's name we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H.Con. Res. 77. Concurrent resolution providing for joint session of Congress to receive Presidential message.

ELECTION OF MEMBER OF THE COMMITTEE ON WAYS AND MEANS

Mr. ROSTENKOWSKI. Mr. Speaker, I offer a privileged resolution (H. Res. 124) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 124

Resolved, That Sam Gibbons, of Florida, be, and he is hereby, elected a member of the standing committee of the House of Representatives on Ways and Means.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REVISION OF THE BAIL REFORM ACT OF 1966

(Mr. McCULLOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. McCULLOCH. Mr. Speaker, last Thursday, January 9, 1969, all of the minority members of the House Judiciary Committee, and eight members of the House Republican task force on crime and our minority leader, the gentleman from Michigan (Mr. GERALD R. FORD), joined with me in introducing a comprehensive bill to revise the Bail Reform Act of 1966. Our bill would permit Federal courts to order limited pretrial detention of persons charged with crimes who would pose a danger to the community if released pending trial.

With each passing day, our crime rates are increasing at an appalling degree. Too many crimes are being committed by hard-core repeat offenders. With trial backlogs growing longer and with the requirement of the Bail Reform Act of 1966, that persons charged with crimes must be released prior to trial and whereunder courts are not permitted to take the safety of the community into consideration in setting the terms of such release, crimes committed while on pretrial release have become a significant problem. The demand is strong from prosecutors, police officials, trial judges, grand juries and citizens to provide our courts with the authority to detain pretrial dangerous persons charged with crimes. In the District of Columbia, in 1968, 130 persons were arrested for robbery—a crime of violence against persons—and were released on bail pending trial. Of these 130 defendants free on bail, 45 were indicted for at least one additional felony. These 45 defendants had 76 indictments placed against them for acts allegedly committed while on bail. That is a felony recidivist rate of 34.6 percent. National figures on recidivism are almost as appalling.

Riot connected offenses pose the most compelling case for some form of detention, especially while riotous conditions exist or when the likelihood of a defendant's return to participate in the riot can be predicted. It subverts our system of justice and endangers the public safety to allow predictably dangerous persons charged with crimes to go free on the streets for long periods of time—court backlogs are increasing daily—prior to trial where they can intimidate witnesses, destroy evidence and commit additional crimes.

The legislation just introduced would permit Federal courts to take into consideration the likelihood of the defendant's dangerousness to the community in setting conditions of pretrial release. When no such condition of release will assure safety to the community and when the defendant is charged with certain specified crimes involving violence, weapons and narcotics, then the court is empowered to detain the defendant prior to trial. In cases where defendants, charged with Federal crimes, are on pretrial release and commit an additional offense while on such release, then courts may order detention if the defendant's continued release would pose a danger to the community. In cases where defendants are charged with Federal crimes and on conditional pretrial release and violate any such condition of release, then courts may also detain them if their continued release would pose a danger to the community. However, such periods of detention may not exceed 60 days if the trial is not delayed by the defendant's own action. If the defendant is not tried within that period, then the courts shall order him released. In addition, all detention orders are subject to review in 24 hours and immediate appeal thereafter.

The bill also strengthens the penalty provision of the Bail Act in cases where defendants are released and fail to appear for subsequent court proceedings. The bill also provides stiff new penalties for crimes committed by persons who are charged with crimes and on pretrial release. The commission of a felony during such release is punishable by a minimum mandatory sentence of not less than 1 year nor more than 5 years. The commission of a misdemeanor while on pretrial release may be punished by an additional penalty of up to 1 year. These additional sentences may not be suspended, probation may not be granted and they must run consecutively to any other sentence.

The proposed amendments in our bill raise complex and controversial issues of a policy and constitutional nature. I commend to the attention of Members a memorandum discussing these issues that was prepared by the minority staff of the Committee on the Judiciary.

PROGRESS OF POOR CHILDREN IN SCHOOL PROGRAM UNDER TITLE I OF THE 1965 ELEMENTARY AND SECONDARY EDUCATION ACT

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PERKINS. Mr. Speaker, within recent days the press has carried stories reporting the results of a study of local school programs funded under title I of the 1965 Elementary and Secondary Education Act.

Although the body of the stories made it clear that some schools are investing their title I funds effectively, the headlines and lead paragraphs purported to show that the title I program "isn't producing measurable results."

This sketchy journalistic treatment is misleading in that it implies that the Federal Government is losing confidence in the title I program. This is most unfortunate, and it does not reflect the true facts in terms of the history and status of title I.

Since we are dealing here with the lives of 9 million poor children now being served in the schools, we can ill afford to pass hasty judgments on their chances for success in school and in life.

These press reports were based upon the so-called Tempo study, which was limited to a selected number of school districts. That study reflects only the early 1965–66 efforts of the schools, and it does not represent a fair assessment of the kinds of progress that may be anticipated over a longer and more sustained period.

For instance, it may take several years, perhaps a decade, to determine whether title I will significantly reduce the dropout rate of poor children in the schools and therefore enhance their chances for productive employment.

Second, the study is based solely on the gains made by children in the area of reading achievement. We must recognize that poor children require assistance from the schools in many ways that will not directly improve their reading skills, critical as this area may be. The improvement of a child's health and nutrition, and the provision of clothing which enables him to come to school, are important elements in our efforts to rescue the children of poverty from the fate to which society has thus far condemned them.

Also, it is important to recognize that the title I programs have not been supported with Federal funds at the level which is obviously required and which was originally contemplated by President Johnson and authorized by the Congress when the legislation was enacted in 1965. In fact, during the first 3 years of the program, the amount appropriated per pupil under the title I formula has actually decreased from $210 to $170. Many schools spend less than $100 per pupil per year. Thus, it is not fair to criticize the schools for failure to produce measurable results, when the Federal Government has not lived up to its promise to provide the increased funds which are obviously needed and already authorized.

Finally, I think it is more important to

emphasize that effective results can be achieved by the skillful use of title I funds to serve the needs of the most deprived children. In fact, this is the main point of the Tempo study. For example, one of the projects included in the Tempo study was based in Louisville, Ky., which significantly improved the reading levels of title I children by a well-designed program aimed specifically at this objective. The average rate of growth achieved by the children in this compensatory program was twice that which was expected based on the previous year's performance before the special program was begun.

The Office of Education has emphasized the importance of designing effective programs with clear-cut objectives, and on December 9, 1968, Commissioner Harold Howe II reported to all Members of the Congress on 150 outstanding title I projects which the schools are encouraged to emulate. The States are now reporting to the Office of Education on their progress in administering their programs, and the House Committee on Education and Labor will soon be receiving testimony from the U.S. Commissioner of Education on the results as reflected in these State reports. Based on hearings to be called by our committee, the House of Representatives will consider legislation for the extension of this program, including measures which may be needed to strengthen the authority of the Commissioner of Education to assure that Federal funds are used more effectively.

Title I is unique among Federal education programs in requiring continuing evaluation and public accountability for the results of Federal funding. This factor in itself is of great potential in identifying the strengths and weaknesses of local compensatory education programs using Federal funds. Results of evaluation studies can be misused by the press if limited evaluation data are used to condemn entire programs. In my judgment, the news media could serve an increasingly constructive role by citing the continuing needs of the children in our impoverished schools, and by editorially supporting efforts to improve Federal legislation and to increase Federal appropriations in this critical area.

REMAINING AREA ON EARTH FOR EXPLORATION AND DISCOVERY—SPEECH BY JUDGE ALFRED L. LUONGO

(Mr. BARRETT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BARRETT. Mr. Speaker, on Columbus Day past, October 21, 1968, the Honorable Alfred L. Luongo, judge of the Federal District Court for the Eastern District of Pennsylvania, delivered a stirring speech on the area remaining for exploration and discovery on the earth—not geographical area—but in the area of human relations and human rights.

I believe this subject to be of vital concern to all of us and Judge Luongo's speech merits the reading and consideration not only by the Members of Congress but by everyone in the Nation. I therefore include it at this point in the RECORD:

COLUMBUS DAY SPEECH BY JUDGE LUONGO

Thank you, Mr. Toastmaster.

I am grateful to the Columbus Day Committee for having invited me to be the speaker on this occasion. I am honored and flattered by the departure from the custom of inviting nationally prominent persons to speak. I hope I will prove worthy of the Committee's confidence.

It is traditional for Columbus Day speakers to extol the virtues of that great Genoese explorer—or as a variation on that theme—to point out the contributions made by others of Italian ancestry to the exploration, growth and development of this continent and this country.

The temptation is great to do so today. There is such a wealth of material dealing with those subjects. One could devote an entire speech, for example, to the efforts of Christopher Columbus to get financial backing for the venture—efforts expended literally over a period of years and to the sovereigns of several nations before he was finally successful in enlisting the aid and support of Ferdinand and Isabella of Spain.

Or one could speak most interestingly of the problems Columbus encountered on his first voyage into uncharted seas with his three incredibly small sailing vessels.

Incidentally, contrary to the myth perpetuated in children's books, it was well known in Columbus' day—and long before—that the world was not flat. What was not known was its size. When Columbus sailed westward, he confidently expected to reach land, but what he expected to find was Cipangu (what we know as Japan today) and China—whose wealth and wonders had been revealed to the western world by another Italian explorer, Marco Polo, traveling an entirely different route. Those lands were generally described then as the Indies (meaning Asia). Columbus himself, in later years referred to his venture as the enterprise of the Indies. That was what Columbus was looking for—and what he thought he had reached when, after 31 days of sailing and near mutiny by his crew, he finally sighted land, which led to the discovery of this continent.

The contribution of others of Italian ancestry to this country's history would furnish material for many speeches.

Americus Vespucci, the Italian geographer, for whom the New World was named.

Giovanni da Verrazzano, the Florentine commissioned by the French to discover a northwest passage to the Pacific and India, who, in the course of his mission, discovered New York Harbor and the Lower Hudson River in 1543, years before Henrik Hudson.

Giovanni Caboto (John Cabot) navigated the first English ships to appear on this side of the ocean.

Henry Tonti, who accompanied the French explorer La Salle in expeditions on the Great Lakes and down the Mississippi River.

Filippo Mazzei, a revolutionary patriot, who emigrated from Tuscany and who, two years before the adoption of the Declaration of Independence, wrote a series of articles in the Virginia Gazette under the name "Furioso," in one of which he said:

"All men are by nature free and independent. This equality is essential to the establishment of a liberal government. Every individual must be equal to every other in his natural rights."

William Paca, a signer of the Declaration of Independence.

Francesco Vigo—who helped open the midwest in the 1770's and for whom a county in Illinois is named.

The Italian priest, Fra Marco da Nizza—who established a mission in Mexico and who made explorations there and as far north as what is now Arizona in 1531.

Father Eustabio Chino, who in the late 1600's explored the peninsula of Lower California.

And the list goes on and on and on.

It is not easy to resist the temptation to make use of such a wealth of material and to say to you things you may want to hear—things to make you even prouder of the Italian heritage.

But resist I must.

These are troubled and troubling times. We cannot afford the luxury of complacency and self-praise.

I use this opportunity instead to invoke Columbus' exploits as a symbol, and at the same time to issue a challenge, to speak to you of matters which will not necessarily please you—may even displease—but if that serves to provoke you to serious thought, I will have accomplished something worthwhile.

The symbol for which I cite Columbus is this:

He made his great discovery by breaking away from the known and daring the unknown. The reward to mankind was great—the opening of a New World, which gave birth to a nation whose founders, in the Declaration of Independence, dreamed of a new way of life and who nurtured and perpetuated the greatest concepts of freedom and liberty known to man. They brought forth a nation dedicated to the proposition expounded by Filippo Mazzei, that all men are created equal.

There are few areas left today on the face of the earth awaiting discovery. The frontiers of discovery *now* are the vast and limitless reaches of the universe known as outer space.

But there is need for exploration and discovery yet on this earth—not into new geographical areas, but in the area of human relations and human rights.

Much of the history of mankind is made up of, and devoted to, man's inability to get along with himself. Contemporary history is no different. It is the story of conflict and controversy—between nations and groups of nations—between groups within nations whose differences are political—or religious—or economic—or based on age—or color of skin.

There is abroad today in this world a pervasive spirit of unrest and discontent. The causes are many. Two of the outstanding causes here in our nation are the related problems of racism and poverty.

As a matter of coincidence, the problem that besets us today had its origin in the same age of discovery that gave us Columbus. One of the nations from which Columbus sought aid was unable to give it, because it was pre-occupied with its exploration of the west coast of Africa—and the lucrative trade in black slaves.

The growth of at least some of the colonies of the New World was tied in with the institution of slavery, so that when these United States came into being as a government dedicated to the principles of equality and freedom, it paradoxically contained within itself the horrible and degrading system of human slavery.

And that system continued to have the sanction of law in this country—this country dedicated to the principles of equality—for almost 100 years. It was only after a Civil War which almost tore this nation apart, that the Fourteenth Amendment to the Constitution was adopted and the system no longer had *legal* sanction.

But the huge residual evils of slavery remained with us—providing the root causes of our main social problem—deprivation, degradation, discrimination and poverty.

Those who offer simplistic solutions—who believe that a rap on the head with a policeman's club will solve everything—display an abysmal ignorance of the nature of the problem and its causes.

Imagine, if you *can*, a heritage which includes being treated as a *thing*—a chattel—an item of property for purchase and sale.

Imagine, if you *can*, a heritage which encompasses family life created and terminated at the whim and pleasure of a master—an owner.

Perhaps it might help you to conceive of the enormity of that injustice if you compare it with treatment accorded your parents, or grandparents, or great-grandparents, who came here as immigrants, and who were subjected to various forms of discrimination—both obvious and subtle—who were called names dripping with contempt—names designed to foster a feeling of inferiority.

Do some of you, even today, resent slurs on ethnic origin? Do some become incensed by innuendos about "Mafia"—"Cosa Nostra"?—feel that some doors are not quite as open—or suspect that opportunities are not quite as available?

Imagine then, if you can compare *those* complaints with the infinitely greater injustices which have been the lot of the Negro—the Negro who wears *his* badge of difference out in the open for all to see—imagine how you might feel if you had to bear *his* burden.

How many of you who cry loudest for law and order can honestly say—truly guarantee—that you would not resort to the streets—would not participate in demonstrations, yes, even riots, if you had been born Negro instead of what you are?

Lest I be misunderstood, I do not for one moment condone lawlessness, crime or violence. I am a firm believer that the righting of the wrongs in our society must be accomplished by the orderly processes of law. Nevertheless, is it not understandable that frustration too long contained, can erupt and produce violence and disregard for law. Is it not understandable that those who have been denied the protection of the law—might begin to act as outlaws?

Let me then invoke the name and the spirit of Christopher Columbus to throw down a challenge to explore that great wilderness, the area of greater tolerance and understanding among people—people who differ in the color of their skin—who differ in nationality—or in religion—or political views—or in economic circumstances, differences that harbor within them the seeds of conflict—disagreement — misunderstanding — controversy.

The quest for greater understanding demands a venturing into the unknown—an abandonment of the familiar and the traditional.

Abraham Lincoln said it this way:

"The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew and act anew."

I offer no easy solutions—there are none. But I firmly believe that the *key* to the solution lies within each of us. It lies within our hearts, our minds, our emotions, and our prejudices.

The events of the past week, which witnessed the closing of two high schools in this community, provide a vivid illustration of my point.

In God's name, how long can we continue divided into hostile, armed camps?

How long must children, black or white, fear to walk in the "territory" of the "enemy?"

How long will we continue to live as neighbors—yet strangers?

The time is growing short.

We *must* renounce the hatreds that consume people—and we must do it *now*.

We *must* dissolve the bitterness and misunderstanding that beget violence—and we must do it *now*.

We must dedicate ourselves to fulfillment of the promise of the words of the pledge of allegiance:

"One nation, under God, indivisible, with liberty and justice for *all*."

We must re-dedicate ourselves to the proposition that *every* individual, in Mazzei's words, must be equal to every other in his natural rights.

I close with these prayerful words by Montana's Senator Mansfield on the death of our beloved President, John F. Kennedy:

"He gave us of his love that we too, in turn, might give. He gave that we might give of ourselves, that we might give to one another until there would be no room, no room at all, for the bigotry, the hatred, prejudice and the arrogance which converged in that moment of horror to strike him down. In leaving us—these gifts he leaves *with* us. Will he take them? Will we have, now, the sense and the responsibility and the courage to take them? I pray to God that we shall and under God we will."

To which I add a fervent "Amen."

PEACE NEGOTIATIONS

(Mr. SIKES asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, statements attributed to the outgoing chief U.S. negotiator at the peace talks in Paris urging Americans to stop talking about winning the war provide cause for grave concern. It is difficult to visualize a situation which would give more aid and comfort to the Communists.

To me it is inconceivable that an American team would go to the conference table admitting, in effect, that we are no longer seeking to win; that we are interested only in making the best deal we can to get out of Vietnam.

Yet, that will be the interpretation the Communists place on Mr. Harriman's statements. Mr. Harriman has rendered valuable service to our Nation for many years, but if he made this statement, he has seriously damaged our status in the negotiations.

This type of comment destroys whatever confidence our allies have in our determination to help the Vietnamese determine their own destiny. Of course, we are there to win. How, otherwise, can we give direction to efforts to stop the spread of communism throughout Southeast Asia? How, otherwise, can we influence the course of the peace negotiations? How, otherwise, can we justify America's participation in the war itself?

SHAPING OF TAX MEASURES—ADDRESS OF STANLEY S. SURREY, ASSISTANT SECRETARY OF THE TREASURY FOR TAX POLICY

(Mr. BURKE of Massachusetts asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. BURKE of Massachusetts. Mr. Speaker, for the past 8 years we have witnessed intense activity in the tax area. The beginning of this activity dates from President Kennedy's 1961 tax message and its results and extends most recently to the Revenue and Expenditure Control Act of 1968.

This has been not an easy period, for we started back in 1961 with high unemployment and an anemic rate of growth and now we have been going through the turbulence of war years. During that time our tax policies have been developed to fit the needs of our vast economy and to assist and enhance our growth.

If one can point to a single individual who has done more than anyone else to shape the tax measures during this period, the name which comes to mind is that of Stanley S. Surrey, the very able Assistant Secretary of the Treasury for Tax Policy, appointed originally by President Kennedy and continuing in office under President Johnson.

During Mr. Surrey's years with the Treasury we have seen a steady pace of improvement in our tax system. A brief list of these activities would include the Revenue Acts of 1962 and 1964, depreciation reform, the Excise Tax Reduction Act of 1965, the Tax Adjustment Act of 1966, the Foreign Investors Tax Act of 1966, the Revenue and Expenditure Control Act of 1968, and, in what one newspaper columnist referred to as Mr. Surrey's "master stroke," the proposal that tax preferences and incentives be specifically accounted for as tax expenditures. That proposal may stand out as one of the most important contributions to the budgetary process of our Government.

I believe it only fitting that the Members have the benefit of Mr. Surrey's own views on these years in the Treasury, and the path he hopes will be maintained in the future. In a recent speech before the Federal Tax Institute of New England, Mr. Surrey expresses his philosophy and views. Appropriately enough, he labeled his talk "Past and Prolog in Tax Policy." I would like to bring it to the attention of the House at this time, as follows:

Past and Prologue in Tax Policy

The National Archives Building in Washington contains the inscription "What is Past is Prologue." This is a comforting thought for an archivist, and may indeed be necessary for his well-being. I do not propose today to consider whether the thought is a truism for Federal tax policy, and certainty it has not always been so in past years. Of course, I would like to believe that the recent past—let us say eight years—should be a relevant guide to the future in the tax field, but here I recognize disqualification on the ground of prejudice. At any event, actions and thoughts in that recent past are there as directional guides for the years ahead if one chooses to consider the mapwork as useful. So permit me today—in a really impossibly brief and sketchy way—to consider some aspects of that recent past and some of the directional guides.

The Broad Economic Front

On the broad economic front, the past eight years have been very good indeed for the United States. They have been eight years of sustained and adequate economic growth—contrasted with three recessions in the previous eight years. One can produce endless and varied data and statistics to describe those years—not quite but almost as many as those which our sportswriters use to fill their newspaper pages and books. Whether it be in terms of a low unemployment rate, new jobs, additions to GNP, increased average income, growth in investment in plant and equipment, increased corporate profits, overall price stability, and so on—all have shown remarkable gains.

It has not been an easy period to achieve all this—for it started with a high unemployment rate and an enemic rate of growth and ends in the turbulence of war years. That turbulence has caused us to fasten our economic seat belts and to be buffeted a bit, as reflected in reecnt price and interest rate rises. But price stability is hard to achieve in war years and certainly we have been

spared the controls and greater inflation of other periods of large military expenditures. Moreover, after unfortunate delay we did adopt the needed restraint and can see a moderation in the turbulence—though still recognizing that effective fiscal policy has many hostages to fortune in the uncertainties that mark periods of military activity and transition to peace.

This favorable economic growth was not an unplanned lucky event. We have a government of laws but fiscal policies are made by men. The policies are a conjunction of fiscal tools; economic forecasting as to what can be expected without action taken; the design of the action needed and the tools to be used to change the forecasted result if change is warranted; the will to take that action; and an understanding that the process must be endlessly repeated as conditions and forecasts change. Our economic progress has been a result of improvement in all these aspects, but most of all in the will to use fiscal tools when action was required.

The landmarks here are the income tax reduction of 1964 undertaken in a period when our economy was weak end under the restraint of too high a tax burden—but undertaken when our budget was in a deficit, a fact that, for all its essential irrelevance, would in the past have prevented this step; the excise tax reduction in 1965 undertaken for the same fiscal purpose; and the temporary 10 percent surcharge enacted in 1968 when our economy became too strong and restraint was needed—but undertaken in an election year amidst a war which lacked the support marking the previous military activities that had prompted tax increases in the past. Nor were these legislative measures easily enacted. The tax reduction of 1964 and the tax surcharge of 1968 involved legislative debate, doubts and desires and required a high order of political skill to shape the solutions, garner the votes, and achieve the goals.

The will to take the needed fiscal steps and the consequences of those steps have, I believe—and here one hopes past is prologue—heightened our ability to discriminate among fiscal tools and to improve our fiscal techniques. The power of tax reduction to promote economic growth is now evident, whether the reduction called for is permanent or temporary. The surcharge technique as a tool for a temporary change in income tax levels, when temporary change is required, has received acceptance. Indeed, in the eleven months that the surcharge was under Congressional consideration, the Tax Committees spent less than a half hour on the structure of the surcharge itself—and that at the end of the Conference Committee deliberations. The final legislation in this regard followed in almost every respect the President's recommendation. (Parentheticallly, the experience with the temporary suspension and restoration of the investment credit as a technique showed the problems of that approach, as the Treasury had expected, and that approach is unlikely to be tried again.) It is encouraging to note that the adoption of the surcharge was not an issue in the 1968 election. When it was finally passed it had bipartisan support. An analysis of the election returns of the House of Representatives does not indicate that any member was defeated because he had voted for the tax surcharge—an outcome strongly contrary to some expectations when the House considered this legislation.

Our experience shows that our problems relating to the use of the income tax for countercyclical purposes are not problems of techniques and mechanics as respects the structural changes required. Rather, they are issues of fiscal policy at the political level—differences between Presidents and Congresses over the right fiscal policies to pursue and over the economic outlook. The task here is to seek methods and procedures of resolving those issues and differences more rapidly, since countercyclical action requires for its best results that the action be taken promptly—a lesson of the 1968 experience.

STRUCTURAL ASPECTS AND LEGISLATION

Let us turn now from the broad economic scene to structural aspects of the tax system. Here much has happened in eight years. This is not the time for a detailed review, but some of the events may be sketched briefly. The Revenue Acts of 1962 and 1964 marked the most serious efforts since World War II to cure abuses in the tax structure—and they achieved around $2 billion of revenue increasing revisions, a figure larger than all of the revenue measures since that period combined. Nearly every important change was a significant struggle in itself, for the issues had considerable emotional content and controversy as well as tax significance—remember expense accounts, the dividend credit, tax havens, compliance in reporting dividends and interest, and the like. Many an important matter was decided by a vote or two in the Tax Committees, and one learned from hard experience the problems involved in securing 13 votes in the Ways and Means Committee and 9 votes in the Senate Finance Committee in controversial matters. Each matter had special problems which made for great difficulty in achieving change. Thus the efforts to achieve a rational tax structure for investment abroad had to face the task of a complete re-orientation of tax thinking and policy in keeping with the new international requirements faced by the United States. Before this, legislation in this field had been pretty much a question of efforts constantly to reduce the tax on foreign income, with only a few understanding what the contests were all about.

There were failures as well as successes. But no realist expects full success in proposals for tax revision, or indeed in tax policy generally, for the Congress has always been the final arbiter of tax policy in the United States. And the task of revision is difficult—measured in an analogy to exploration by the efforts involved in the discovery of the Poles, with the way strewn with the bones of many an explorer, rather than by the modern systems of research and technology through which we are mastering the world of space. Nor are there unlimited opportunities to push the issues of tax revision. Many trains run on the tracks of our Tax Committees and tax revision must take its turn along with Social Security, Public Assistance, Trade, Customs and other legislation. Quite often, also, all tracks must be cleared for certain measures, including fiscal policy legislation, which in principle must highball along, such as the temporary surcharge.

Finally, failure can have its educational values and pave the way to future progress. Thus, as examples, I believe there are many now who, on reflection, in contrast with earlier held views, would say the Treasury was right in 1963 in urging the principle of income taxation at death on the appreciation in value of assets owned by the decedent or in urging reform of depreciation rules in the real estate field.

To continue the brief summary, the Excise Tax Reduction Act of 1965 ended our system of discriminatory excise taxes; the Federal Tax Lien Act of 1966 modernized our tax lien procedures; a succession of legislative measures achieved current payment for corporations and graduated withholding for individuals and, coupled with administrative measures requiring prompt payment of withheld taxes and excise taxes, have given the United States a fully current system of tax collection; the Foreign Investors Tax Act of 1966 provided a wholly revised and rational tax policy for foreigners investing in the United States; the Interest Equalization Tax Act gave us a flexible tool for controlling portfolio flows abroad. And in between were numerous, varied, and less extensive measures to solve specific problems.

In the international area, statutory improvements were accompanied by modernization and expansion of our treaty network. A new structure for income tax treaties was devised, building on the OCED Model Draft where appropriate, and the process of securing adoption of this modernized version through agreements with developed countries is well along. A basis for treaties with less developed countries varying in approach depending on the particular situations involved, has been established, and is ready for fuller implementation when the Senate Foreign Relations Committee regards our international position and our domestic budgetary posture as appropriate to permit extension of the investment credit to investment abroad. A new version of an estate tax treaty, building where appropriate on the OECD Model Draft, has been developed which will afford greater opportunity for foreign portfolio investment in the United States and greater protection for the estates of our business executives and others who may die while on overseas assignments. The process of obtaining adoption of this type of treaty is now under way, with basic agreements reached with the Netherlands and Israel. These efforts at international tax cooperation have been supplemented by affirmative positions taken by the United States in the OECD Fiscal Committee seeking steady development of the tax principles to govern international transactions, especially in the field of the allocation of income and deductions.

Structural tax revision involves the correction of inequities to taxpayers as well as the correction of tax abuses and escapes favorable to taxpayers. Here also steady progress has been made in improving the tax structure—in the introduction of the minimum standard deduction; the splitting of the first bracket of tax into four brackets; the introduction of an averaging system; the adoption of a new deduction for employee moving expenses; the unlimited carryforward of capital losses; the inclusion of tips in Social Security wages; the revised treatment of dealer's reserves.

Tax revision also involves innovative measures to keep the tax structure abreast of economic changes. The investment credit in 1962, the recapture as ordinary income on the sale of personal property of excess depreciation deductions, and the administrative depreciation reforms of 1962 and 1965, creating the guideline system and the reserve ratio test, have established the framework for a rational tax treatment of investment in machinery and equipment. The guidelines have put an end to haggling and uncertainty and the reserve ratio test is a workable device to achieve self-correction within those guidelines, as our soon to be published computer study of depreciation rules demonstrates.

Allow me to spend a moment on the subject of depreciation. Despite the improvements just mentioned, we still have many miles to go before all of the problems in the depreciation field are solved. The tax structure was severely wounded by the introduction in 1954 of accelerated depreciation methods without any groundwork of advance study to develop the safeguards and rules necessary to accompany the liberality of those methods. Such surgery produces a severe shock from which the recovery is painful, difficult and slow. This is not to say that accelerated depreciation of machinery and equipment is wrong. But in the realistic world of tax planning and maneuvering, where every possible avenue of tax escape is ingeniously exploited to the full, the failure to provide adequate safeguards when accelerated depreciation was offered is clearly evident in retrospect. It has taken years to correct, through recapture, the "ordinary income—capital gain advantage" accorded to personal property, and this is but the beginning of the steps toward recovery. We still face all the abuses, the tax escapes, and the economic distortions in the real estate area—all because

accelerated depreciation happened to be given to real property as well as personal property; we face the abuses and business distortions involved in the leasing of machinery and equipment (here linked with the tax limit on the investment credit); we face the payment of tax-free dividends by many companies who use accelerated depreciation for tax deduction purposes and the computation of tax earnings and profits but straight-line depreciation for book purposes. Some of these difficulties—such as leasing—could be solved administratively and studies are here under way, but considerable legislation, especially as respects real estate, will be needed before all the damage is repaired. And there are still those who urge even more acceleration for depreciation!

As stated above, structural tax revision involves the correction of tax abuses, the elimination of unfairnesses, and the introduction of innovative changes. But along with these tasks of regaining lost terrain and seeking improvement, there is also the constant task of not yielding new ground and opening up new avenues of escape and preference. Much of the late 1940's and 1950's consisted of a steady erosion of the tax structure. But in the last eight years there have been no real breaches of that structure, with the exception perhaps of the self-employment pension plan and that has its limitations. And in the treatment of the "little tax bills" the efforts to separate justifiable correction from unfair preference and deal with each in appropriate fashion have yielded a high degree of success.

In this matter of not taking backward steps one can see the dangers ahead. Much could be lost, for example, in pursuing the "will-of-the-wisp" of value-added taxation in an effort to improve our trade position, or in plunging the tax structure into a maelstrom of tax incentives and tax credits.

STRUCTURAL ASPECTS AND ADMINISTRATIVE RULES

The tax structure is shaped by interpretations embodied in regulations, rulings, and other administrative pronouncements as well as by legislation. The last eight years have produced a steady pace of activity designed to improve the administrative interpretation of the Internal Revenue Code. One facet of this effort has involved the clarification and deepening of administrative guidance in various fields. A few examples:

The depreciation guidelines earlier mentioned provided a uniform, consistent system for the handling of the depreciation deduction and replaced the inconsistencies, discriminations, and arbitrariness under the prior method of negotiation and haggling.

The consolidated return regulations revised the rules in this area to accord with modern accounting practices for consolidated balance sheets and profit and loss statements.

The regulations on the deduction for educational expenses continued the evolution of the tax rules to match the changing patterns in training.

The recent pension plan regulations modernized the rules governing integration with Social Security benefits to keep pace with the changes in Social Security legislation and the maturing of that system.

The Section 482 regulations faced the challenging task of articulating the guidelines, drawn from modern accounting and management practices, to govern the allocation of income and deductions among related enterprises, especially in the international area.

The earnings and profits regulations under Subpart F for the first time provided a system for establishing the profits of foreign enterprises, based here also on modern accounting concepts.

Another facet of this administrative activity has been the correction of earlier administrative mistakes. The task of administrators is to make wise and proper decisions. A part of that task is the responsibility and duty of recognizing when that standard has not been achieved and errors have occurred. Here also the effort has been to acknowledge the errors and effect the correction. As examples:

The regulations providing for the recognition of gain on the creation of swap funds.

The regulations on the treatment of advertising of exempt organizations as an unrelated business (here no earlier error was involved, but rather the culmination of a long study pending which the contrary rule was permitted to obtain).

The proposed regulations on the taxation of industrial development bonds.

The recent ruling denying deduction generally for prepaid interest.

The correction of the ruling on split-dollar life insurance.

The pending revision of the restricted stock regulations.

In some of these instances the administrative action was followed by legislative consideration and efforts to undo the administrative interpretation. The outcome in each case was, however, essentially favorable to the position taken administratively and the end result was a structural improvement in the area involved. Thus, most recently, in the matter of industrial development bonds two legislative measures this year finally ended in taxation of these bonds subject to a $5 million exception for projects under that size. As a matter of tax policy even a $5 million industrial development bond issue is inappropriate and the proposed regulations had contained no dollar amount exception—there are more efficient non-tax routes to assist industrial expansion—but a $5 million issue is a long cry from the tax-free issues of $150 million with which 1968 opened.

The formulation of proper tax policies at the administrative level provides an especially difficult challenge. The great danger is that of lethargy—a hidden lethargy amidst the volume of day-to-day activity that characterizes a large organization. Unless extreme care is taken this great activity—essential as it is to the overall tasks of tax collection—will obscure the unwillingness or inability to perceive and face issues of tax policy. In this regard I would here like to repeat some earlier words on the importance of administration to tax policy, which were in the course of discussing certain financing techniques (industrial development bonds, tax-exempt organizations borrowing to acquire businesses, and leasing of machinery and equipment):

"Congress enacts legislation intended to provide a particular tax benefit or tax result for a designated group in order to accomplish a rational purpose—a tax-exempt interest status to municipal bonds to assist localities financially and to achieve a Federal-local relationship which both levels of government consider desirable for reasons apart from strictly financial considerations; a tax-exempt status to charitable organizations to encourage philanthropy in the United States; depreciation deductions that are as appropriate as possible to the measure of taxable income; investment credits to achieve an increase in industrial modernization and expansion. But there are those outside the group intended to be benefited waiting to seize on every such tax benefit to see how its operative mechanics may be distorted to achieve advantages wholly foreign to the purpose behind the benefit.

"If not checked in time these distortions begin to assert a legitimacy of their own—to assert tax squatters' rights against the Treasury. It is then said that administrative action cannot be taken to dislodge them, and a legislative command is required. Sometimes the Revenue Service itself grants a cloak of legitimacy through favorable rulings in the early stages of the transactions before their structure and scope have been clearly analyzed and appreciated. Then when it has become clear to all that the distortion has created a major problem, it is said that the administrative error cannot be corrected by the administrators who made it.

"Indeed, many of the tax preferences that today create severe unfairness in our tax system and permit many individuals and corporations to escape their share of the tax burden were never legislated at all by the Congress. Instead, their beginnings lie in a Treasury Regulations or administrative ruling, ill-considered or ill-conceived at the time or—to be more charitable, because every tax policy official wonders what mistakes his successors will charge against him—handed down to meet a legitimate problem and then in turn itself distorted. The fact that many of these tax preferences carry this bar sinister in their heritage does not, of course, make their present beneficiaries any the less forceful in defending their tax advantages.

"And so another lesson emerges from these illustrations—vigilance, skill and imagination in tax administration can be a powerful force in the maintenance of equity in the tax system. It can likewise be a powerful force to protect legislators from having to grapple years later with difficult legislative issues which they had no hand in creating."[1]

RESEARCH CAPABILITY

The conduct of tax policy today demands a high order of research capability. The problems are intricate and complicated, and the search for the data and analysis needed to help in their resolution must be avidly pursued if the solutions are to meet the standards our tax system merits. Moreover, quite an arsenal of material is required to answer the problems and questions of the host of businesses and individuals affected by any new proposal, as well as to counter the intense probing for possible weaknesses in a proposal, in so many ways and from so many angles, that inevitably accompanies its consideration.

In the past eight years, the Treasury staff engaged in tax policy activities has doubled, and that part occupied with international tax matters has grown almost five fold. There are now around fifty-five professionals (economists, lawyers and accountants) in the tax policy area. Their work is supplemented by the activities of the Internal Revenue Service, a large number of formal consultants drawn from many quarters, and by the assistance that is informally given over a wide area by those willing to make their expertise available to the Government.

Accompanying this enlargement of staff and consultants, there has been an increasing use of the tools of modern economic research—econometric models and analysis, computer analysis, and the like. These tools are being applied to the study of problems and proposals and to the task of revenue forecasting and estimating. The use of "tax models" under the individual, corporate, and estate and gift taxes—a representative statistical sample of tax return data on tape for computer use—has greatly enhanced the capability of the Treasury to estimate the effects of proposals for change. Also, data are being gathered to undertake for the first time systematic studies of the tax position of identical taxpayers over a period of time, which will provide considerable insight into the effects of the tax structure and income fluctuations (or their absence) taken together. These efforts are supplemented by programs that will add nontaxable receipts to the taxable income data, and non-taxpayers to the taxpayers in the models.

The Treasury has also engaged in large scale studies designed to advance our knowledge in a variety of fields. For example, it has financed work by several outstanding

[1] Tax Trends and Bond Financing, an address before the Municipal Forum of New York, June 13, 1968 (Treasury Release F-1273).

scholars on the effects of tax policy on investment; it has recently published a study on *Overseas Manufacturing Investment and the Balance of Payments;* it will publish shortly a computer study and detailed analysis of *Tax Depreciation and the Need for the Reserve Ratio Test;* and it has studies under way in a variety of areas, such as the effects of tax policy on real estate. Throughout it has maintained close liaison with other institutions and individuals engaged in tax research and facilitated their studies by making the needed data available.

But even though the research capability and activity have been greatly expanded, the proper development of our tax structure and our tax policies in the years ahead will require still larger research resources. The Government tax research base is still small when compared to that existing in other areas and in relation to the complexity and importance of tax issues. Moreover, there must be constant attention paid to the mix of research—Treasury consideration of immediate problems; Treasury research on the likely issues a few years ahead, on matters that should be pushed forward as issues, and on analysis to provide a better basic understanding of the workings and effects of our tax system; the obtaining of contract research by outside organizations and individuals in these areas; and the encouragement of research activity generally in the tax field.

RELATIONSHIP OF TAX POLICIES TO BUDGET EXPENDITURES

The imperative need to move forward in the solution of our social problems has brought to the Treasury a new dimension of activity not usually associated with the Department. This largely comes about because for nearly every social problem that we face we can be sure to find some groups that will urge the use of the tax system as the path to a solution. Such solutions can be generally classified under the heading of tax incentives or tax credits—and the familiar items here are incentives or credits for education, manpower training, pollution, urban and rural development, housing, and so on. For the Treasury to stand idly by and watch a procession of tax incentives would be to permit a rapid deterioration of our tax structure.

But disinclination to regard tax incentives as the path to solution is not enough, for it still leaves the problems unsolved. Consequently the Treasury has had to engage in research, on its own account and in cooperation with other agencies, on the problems themselves and on the possible nontax solutions that should be explored or advanced. This obviously expands the research requirements of the Treasury, though it has the advantages of keeping it fully involved in a great variety of domestic matters not usually considered as falling under tax policy.

This activity in turn has led to a fuller exploration of those existing tax policies which, through tax preferences and special rules, depart from the normal concepts applicable to the determination of taxable income and thereby provide within the tax system an array of so-called "tax expenditures." These tax expenditures represent the tax revenues being "spent" (through being lost to the tax system) to achieve the specific nontax goals represented by the special rules. In this regard the tax expenditures stand as alternatives to the direct Government expenditures, in the form of loans, grants, guarantees, and the like, that could have been utilized to achieve those same specific goals.

This exploration of the tax expenditure concept has involved efforts to describe and quantify the existing tax expenditures, in much the same fashion as direct Government expenditures are identified in the Budget. It has also led to studies designed to compare, on a cost-benefit approach, the efficiency of the tax expenditure route compared with the direct expenditure route and to identify the factors relevant to that comparison. Such studies relate both to existing preferences and proposed tax expenditures through new tax incentives or credits.

These efforts indicate that in some areas of Government the tax expenditures are a sizable amount, in absolute terms and in relation to the amount of direct budgetary expenditures. One would hope that other agencies of Government having direct cognizance over the activities involved would also take an interest in these tax expenditures. There is considerable basis for the belief that in some situations the amounts involved in the tax expenditures could be utilized more efficiently if they were spent as direct expenditures.

CONTINUING REVISION

The task of structural revision of our tax system should be regarded as an ever-continuing effort. Secretary Fowler earlier this year stressed this need, in speaking of areas of concern to the Treasury in which continuity of policy is essential. He used these words:

"A third area for policy continuity in 1969 is tax reform. After the reforms of the Revenue Acts of 1962 and 1964 and 1965, the Treasury Department undertook a major effort to prepare tax reform proposals of a comprehensive nature in 1966 and 1967. The plan was to launch a major legislative effort on the heels of the enactment of the temporary surcharge legislation. Because of the delays in enacting the surcharge legislation and the fact that substantial tax reform requires extensive legislative consideration, there was no suitable opportunity to push these proposals on to the legislative calendar.

"It is clear that tax reform must be a matter of high priority as respects tax policy and the work of the Congress. I and my associates in the Treasury have called attention to some of the areas that we feel should be given consideration. As one example, there is the impact of our present tax system on those in poverty. A country concerned about the plight of the poor should certainly be concerned about not imposing the 10 percent surcharge on low income taxpayers. At the other end of the scale is the serious problem of those taxpayers with very high annual incomes who make little or no contribution to the Federal Government because of the use, singly or in combination, of many of the tax preferences adopted for particular purposes. There is also need for an extensive, searching review of the rules under the estate and gift taxes and the associated question of the treatment of transfers of appreciated assets at death under the income tax.

"Two cardinal principles should guide us in considering tax reform. One is that the standards of equity and fairness and desirability must be applied in the context of the world today. Tax provisions adopted to serve certain needs in the past must constantly be tested to see if they are still appropriate. We must ask what is the net benefit to the nation from such a provision in terms of the present cost—what is the efficiency and effectiveness of the tax provision as contrasted with other forms of Government assistance that may not have the side-effects of income tax liberality to individuals or corporations that accompany the use of the tax route?

"The second principle is that change from yesterday's rule to today's new need must be orderly and fair, so that those who had planned their businesses or lives on the basis of the earlier provisions may have an orderly transition to the new standards. But it is orderly transition that I am emphasizing and not stagnation or indefinite postponement of any change, for tax preferences should not be a hereditary matter handed down from one generation to the next."[2]

The reform that Secretary Fowler spoke of involves change in the tax structure. As he indicates, there is much to be done—there always will be—in this area. In addition to such structural reform, there are important aspects of tax policy and expenditure policy having a relationship to the tax system that will, one can expect, be debated in the period ahead. Just as illustrations, one can refer to such matters as income maintenance or negative income tax programs now the subject of inquiry by a Presidential Commission; the need for re-examination of the benefit structure of the Social Security system and its financing, together with improvements in the structure of the private pension plan system; the worry over the effect on State and local interest costs and on individual windfall benefits through the greatly expanded use of State and local tax-exempt bonds that looms just ahead and for which solutions such as an Urban Development Bank have been advanced; the wisdom of revenue sharing and the feasibility of the various alternatives suggested; procedures to achieve the pace of action necessary to carry out needed countercyclical tax action effectively; procedures to achieve better coordination of Congressional consideration of revenues and expenditures.

CONCLUSION

If the tax activity of the past is indeed prologue, then the years ahead will continue to be active ones. This is as it should be in the tax field, for the appropriateness, equity, and vitality of a tax system depend upon constant attention. Proven fiscal tools are not the exclusive property of any Administration or political party. Neither are the problems. There are the difficult problems that accumulate over the years and yield only slowly to solution. There are the new problems whose outlines are already apparent. And there are the unforeseen problems that come suddenly on the scene. All must command our efforts if we are to achieve, not perfection, but that high degree of effectiveness and fairness which can properly be demanded of those who have chosen to make tax matters their professional career.

[2] Address before the National Industrial Conference Board, September 20, 1968 (Treasury Release F-1354).

DIRECT ELECTION OF THE PRESIDENT AND VICE PRESIDENT

(Mr. HAMILTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HAMILTON. Mr. Speaker, I believe the time has come to take the final step in guaranteeing to each American citizen the right to vote for the most important office in the land, the Presidency of the United States.

While we are making every effort to expand the franchise through removing the roadblocks of religious prejudice, race prejudice, and sex prejudice, we continue to tolerate the electoral college system. There are only two offices for which we do not believe the people should make the final choice, and those are the Presidency and Vice Presidency of the United States. In the United States, while we claim with pride to be the world's greatest democracy, this is an anachronism that can no longer be tolerated.

Facing the Constitutional Convention of 1787 when it convened on May 25 was the question whether the Chief Executive

should be chosen by direct popular election, by the Congress, by State legislatures, or by intermediate electors. The direct popular election alternative was opposed because it was generally felt that the people lacked sufficient knowledge of the character and qualifications of possible presidential candidates to make an intelligent choice. Many delegates also feared that the people of the various States would be unlikely to agree on a single person, usually casting their votes for a favorite-son candidate well known to them. Delegates from the South opposed the direct popular election of the President for the additional reason that suffrage was more widespread in the North than in the South.

Giving Congress the power to choose the President was rejected largely because of fear that it would jeopardize the principle of executive independence. To permit State legislatures to choose the President was rejected because it was feared the President might feel so indebted to the States as to allow them to encroach on Federal authority. Unable to agree on a plan, the convention on August 31 appointed a "Committee of Eleven" to propose a solution. On September 4 the Committee suggested a compromise—today's electoral college system.

The electoral college system was created by our Founding Fathers to meet certain very real 18th century problems that no longer have relevance to Americans of today.

Of concern to our forefathers was widespread illiteracy, large numbers of slaves who could not vote, great disparity in voter qualifications and little communication between regions of the country. All of these circumstances have been altered. There has been change. Today, there is mass media, both television and press, making it possible for all to examine in detail the characteristics of each presidential candidate.

From the outset the electoral college has constituted little more than a deliberately vague political compromise. Moreover, the reasons advanced for the system at the time of its adoption are totally irrelevant, if not directly repugnant, to our modern day concept of democracy.

The existing electoral college system has long been a matter of controversy. Major objections to the current system are:

It has permitted the election of three Presidents who trailed their opponents in the national popular vote.

The Founding Fathers never intended that the States would cast their electoral votes en bloc.

The unit system offers no incentive for a heavy voter turnout in supposedly safe States.

In large States which are fairly evenly divided between the major parties, the unit system inflates the bargaining power of splinter parties and pressure groups.

The electoral college system places a premium on fraud because juggling of a few votes can swing the electoral votes of an entire State.

The electoral college system gives State legislatures the power to direct any method they wish for selecting presidential electors.

There is no legal way to force an elector to vote for the presidential candidate to whom he pledged himself.

If an election is thrown into the House because of the failure of a presidential candidate to win a majority of the electoral votes, an archaic and totally unrepresentative system goes into operation.

The unit vote method of apportioning each State's electoral votes, as it developed in the 19th century and continues today, was clearly not the intention of the Founding Fathers. So in every election, the unit vote system disenfranchises millions of voters who happen to be in the minority in their particular States by taking the voting power they represent and awarding it in the national electoral count to the candidate whom they oppose. For example, in 1960 John F. Kennedy received 2,377,846 popular votes in Illinois while Richard M. Nixon received 2,368,988 votes. The late President received all the electoral vote in Illinois. Mr. Nixon received the 13 electoral votes in Indiana where he obtained 1,175,120 popular votes. Although Mr. Kennedy received more than two-thirds of the combined electoral votes of the two States, Mr. Nixon actually received a substantial majority of the popular votes cast.

Senator Thomas Hart Benton, of Missouri, in commenting on the operation of the unit vote system, said:

> To lose their votes is the fate of all minorities, and it is their duty to submit; but this is not a case of votes lost, but of votes taken away, added to those of the majority, and given to a person to whom the minority is opposed.

The present electoral college system rests on an uneasy tension between opposing distortions of the popular will. Smaller States receive a bonus for their two Senators. Large, closely contested, industrial States are the chief prizes in the presidential contest because of the magnified value of even the smallest popular majority in the States. For example, elections in which the national outcome depended on a single large State are numerous: a shift of 2,555 votes in New York could have reversed the electoral college outcome to make Henry Clay President instead of James K. Polk in 1844. In 1880 Winfield S. Hancock would have been made President instead of James A. Garfield if there had been a shift in New York of 10,517 votes. A shift of 575 votes in New York during the 1884 election would have made James G. Blaine President instead of Grover Cleveland. In 1888 a shift of 7,189 votes in New York would have changed the electoral vote to favor Grover Cleveland instead of Benjamin Harrison—Cleveland actually won a popular vote plurality but lost in the electoral college vote. A California shift in the election of 1916 of 1,983 votes would have made Charles Evans Hughes President instead of Woodrow Wilson, although President Wilson still would have had a half million more popular votes.

The electoral college system is predicated on the treatment of States as separate voting blocs. But the essential fact about presidential politics in the United States today is its nationalization. Television, newspapers, and national magazines all bring presidential politics directly to the people wherever they may live. Dwight Eisenhower, Adlai Stevenson, John F. Kennedy, Richard Nixon, Lyndon Johnson, and HUBERT HUMPHREY were all chosen as presidential candidates because of their national stature—not because they represented a certain State.

Against this background of the nationalization of American politics, the electoral college system perpetuates the ever-present danger that a man might be elected President who had actually lost the popular vote—which already has occurred three times in our history: John Quincy Adams, Rutherford B. Hayes, and Benjamin Harrison.

The fact that a State's electoral votes remain the same regardless of voter turnout is significant. In the 1964 election with the total popular vote cast in New Jersey substantially greater than that cast in Texas, the winning candidate in Texas received 25 electoral votes while the winning candidate in New Jersey received only 17 electoral votes. In that same election, the three electoral votes of Alaska were decided by 67,259 votes at a ratio of one electoral vote for every 22,419 voters. In the same election, New York citizens voted at a ratio of one electoral vote for every 166,657 votes with 7,166,275 people voting.

Today, the vast majority of the American people never stop to think that they are not permitted to vote directly for the President and Vice President of the United States—yet they would be enraged if the system intervened to frustrate their choice.

A popular vote loser assuming the Presidency could not be explained to the people. A miscarriage of the popular will in the days of "one man, one vote" would be preposterous. The situation is all the more serious when one considers the immense power and responsibility, both at home and abroad, of the American President at this time in history.

The real choice today is between two alternatives. Either the country will continue with the existing electoral college system, or it will shift to the direct popular election of the President and Vice President of the United States.

The only reform which will meet all the major problems presented by the electoral college system in a realistic manner is to institute the direct popular election of the President and Vice President by all the people.

Direct popular election will eliminate the undemocratic unit vote system, eliminate the problem of rebel electors, eliminate the danger of a popular-vote loser entering the White House, and would place the choice of the President and Vice President where it ought to be—directly in the hands of the people.

A direct popular national vote for President would result in the natural culmination of the federal system—choosing their Chief Executive on a national one-man, one-vote basis. Any half-way steps will retain some or all of the inadequacies of the existing electoral college system, especially the danger of the pop-

ular-vote loser becoming President of the country.

Since January 6, 1797, when Representative William L. Smith, of South Carolina, introduced the first proposed constitutional amendment to reform the electoral college system, hardly a session of Congress has passed without introduction of similar resolutions. At least 109 such amendments were proposed between 1889 and 1946 and another 151 have been proposed since that time.

The direct popular election alternative for choosing the President and Vice President, considered at the Constitutional Convention in 1787, was first introduced in the Congress as a proposed constitutional amendment by Representative William McManus, of New York, in 1826.

Historically, proponents of the direct popular election alternative have endorsed halfway measures believing that the direct popular election alternative could not be ratified by the required number of States. The time has now come to make a concerted effort to convince Members of Congress and State legislators that the direct popular election alternative not only harbors no threat to anyone's special powers or privileges within the American system, but that it is the only decent democratic alternative to the danger-prone electoral college system of today.

The greatest proof of the need for reform of the electoral college system is the fact that most Americans assume the direct popular election alternative to be in effect. When asked for whom they voted, Americans do not reply for presidential elector A or B or for no presidential elector due to the application of the unit rule. Rather, they reply that they voted for the Democratic or Republican presidential candidate. Can it any longer be pretended that this great people requires presidential electors to choose wisely for it?

Hearings in the other body on the election of the President and Vice President of the United States were most recently begun on February 28, 1966. In May 1966, Senator BAYH from Indiana, chairman of the Senate Subcommittee on Constitutional Amendments, introduced a proposed constitutional amendment to provide for direct popular election of the President and Vice President—Senate Joint Resolution 163—89th Congress, second session. On January 11, 1967, the Senator from Indiana, for himself and others, reintroduced the direct popular vote alternative in the form of a proposed constitutional amendment—Senate Joint Resolution 2—90th Congress, first session.

Mr. Speaker, I now wish to introduce in the House of Representatives a proposed constitutional amendment that abolishes the electoral college and provides for direct popular election of the President and Vice President.

The provisions of the joint resolution are as follows:

H.J. Res.—Joint resolution to amend the Constitution to provide for the direct election of the President and the Vice President of the United States

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"ARTICLE —

"SECTION 1. At a time determined by the Congress there shall be held in each State and in the District of Columbia an election in which the people thereof shall vote for President and for Vice President. In such election, each voter shall cast a single ballot for two persons who shall have consented to the joining of their names on the ballot for the offices of President and Vice President.

"The legislature of each State shall prescribe the places and manner of holding such election thereof and shall include on the ballot the names of all pairs of persons who have consented to the joining of their names on the ballot for the offices of President and Vice President but the Congress may at any time by law make or alter such regulations. The voters in each State shall have the qualifications requisite for persons voting therein for Members of the Congress, but nothing in this article shall prohibit a State from adopting a less restrictive residence requirement for voting for President and Vice President than for Members of the Congress, or prohibit the Congress from adopting uniform residence and age requirements for voting in such election.

"The Congress shall prescribe the qualifications for voting and the places and manner of holding such elections in the District of Columbia.

"Within forty-five days after the election, or at such time as the Congress may direct, the official custodian of the election returns of each State and the District of Columbia shall prepare, sign, certify and transmit sealed to the seat of the Government of the United States, directed to the President of the Senate, a list of all persons for whom votes were cast for President and for Vice President, together with the number of votes cast for each.

"SEC. 2. On the 6th day of January following the election, unless the Congress shall by law appoint a different day not earlier than the 4th day of January, the President of the Senate shall, in the presence of the Senate and the House of Representatives, open all the certificates, and the votes shall then be totaled. The persons joined as candidates for President and Vice Pesident, having the greatest number of votes shall be declared elected President and Vice President, respectively, if such number be a plurality amounting to at least 40 per centum of the total number of votes certified. If none of the pairs of persons joined as candidates for President and Vice President shall have at least 40 per centum of the total number of votes certified, then Congress shall provide by law, uniform throughout the United States, for a runoff election to be held between the two pairs of persons joined as candidates for President and Vice President, respectively, who received the highest number of votes certified.

"SEC. 3. If, at the time fixed for the counting of the certified vote totals from the respective States, the presidential candidate who would have been entitled to election as President shall have died, the vice presidential candidate entitled to election as Vice President shall be declared elected President.

"The Congress may by law provide for the case of the death or withdrawal, prior to the election provided for in section 1, of a candidate for President or for Vice President and for the case of the death of both the person who, except for their death, would have been entitled to become President and Vice President.

"SEC. 4. The Congress shall have power to enforce this article by appropriate legislation."

Mr. Speaker, the proposed House joint resolution is identical to Senate Joint Resolution 2 introduced in the first session of the 90th Congress. Under the proposed joint resolution, a presidential candidate must receive a 40-percent plurality for election. If no presidential candidate receives the necessary 40-percent plurality, a runoff election would be held between the two candidates receiving the largest number of popular votes.

The proposed constitutional amendment has been endorsed by the American Bar Association, the Federal Bar Association, the Committee on Federal Legislation of the New York City Bar Association, the U.S. Chamber of Commerce, the National Federation of Independent Businesses, the United Auto Workers, and the NAACP.

A survey of State legislators, conducted by the junior Senator from North Dakota, revealed that nearly 60 percent of the 2,500 respondents favored direct popular election of the President and Vice President of the United States.

On November 23 a Gallup poll indicated that 81 percent of the public favored basing the election of the President on the popular vote throughout the Nation rather than the present electoral college system where a presidential candidate can be elected President even thought he runs behind his opponents in the popular vote total.

Our entire national experience teaches that there is no safer, no better way to elect our public officials than by the choice of the people with the man who wins the most votes being awarded the office. This is the essence of the "the consent of the governed." H. G. Wells called voting "democracy's ceremonial. It's feast. It's great function."

Neil R. Pierce, perhaps the foremost authority on the electoral college system has stated in "The People's President":

> The electoral college system of electing the President is doubtless the most deficient—and potentially dangerous—section of the U.S. Constitution as it stands today.

The single constitutional reform that removes the inequities and perils of the present electoral college system without substituting others is to eliminate the electoral college altogether and give the election of their President and Vice President directly to the American people.

The Presidency is the grand prize of American politics—no effort is too great to assure that the American President will truly be a man for all seasons for all Americans.

PROGRAM INFORMATION ACT

(Mr. HAMILTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HAMILTON. Mr. Speaker, as a cosponsor of the proposed Program Information Act, I emphasize that the act directs the President to transmit to the

Congress at the beginning of each calendar year a catalog of Federal assistance programs, together with a report detailing the measures taken by the President to simplify Federal program assistance application forms and procedures and to consolidate Federal assistance programs.

The Program Information Act is designed to serve the program information needs of Congress, and the Executive, and the public. The Federal assistance program catalog, being the only compendium of Federal program assistance information, would include a description of each program, the administering office, the eligibility requirements, funding information, application prerequisites, Washington and regional contacts, mechanics of application and related programs.

The catalog will be updated monthly to reflect program termination, consolidation, expansion or reorganization and changes in government organization. The monthly revisions would provide current funding information as well as other information of direct, immediate relevance to potential beneficiaries.

The Bureau of the Budget is designated the sole agency to which the President's authority under the act may be delegated. By locating the responsibility for the catalog in the Bureau of the Budget, it is intended to provide the executive branch with meaningful information to determine whether duplication, overlap, or lack of coordination exist in Federal assistance programs. Better unified and coordinated Federal assistance should, in turn, produce a more accurate planning, programing, budgeting system.

The present comprehensive catalog published by the Office of Economic Opportunity, the Catalog of Federal Assistance Programs, lacks:

First, funding information—among the most important kinds of information for local officials, mayors, and county executives is how much Federal program assistance money is available;

Second, processing time estimates—State and local officials must have such information if they are to coordinate Federal assistance programs with their requirements; and

Third, periodic updating—printing a Federal catalog without greater flexibility than annual updating forces State and local officials to find other sources of information or else make important decisions based on information that is months out of date.

The Bureau of the Budget through circular A–89 establishes new catalog guidelines which contain no provisions for cross-referencing of analogous programs, nor does it define what are "programs." Consequently, Office of Economic Opportunity instructions to Federal agencies currently request submission of limited information on approximately 600 of over 1,000 separately identified Federal assistance programs. Mr. Charles L. Schultze, former Director of the Bureau of the Budget, states on page 35 of "Agenda for the Nation":

> There are currently more than 400 Federal grant-in-aid programs and a host of special credit programs providing loans for specific purposes. A wide variety of programs are directly operated by the Federal Government—flood control projects, national parks, watershed protection projects, and so on.

State and local officials, educators, and private individuals have evidenced great difficulty in obtaining concise information about Federal assistance programs in which they may desire to participate. Specific Federal program assistance information in one compendium is required to permit these officials and private individuals to comprehend all related programs and determine which programs may be of particular assistance to them.

The information to be included in the catalog is the information shown in a federally sponsored Midwest Research Institute study to be the kind most needed by State and local officials to best utilize Federal program assistance.

The best testimony for the need for this proposed legislation is the unanimous endorsement of this bill by our Nation's State Governors, the National Association of Counties' Executives and Supervisors and the National Legislative Conference of State Representatives and Senators.

Besides being of direct assistance to potential beneficiaries, passage of this legislation would give the Congress meaningful information it needs to better determine, first, the relative worth of programs in order to establish priorities in allocating funds, and second, the desirability of proposed new programs.

ENABLING CITIZENS OF THE UNITED STATES WHO CHANGE THEIR RESIDENCES TO VOTE IN PRESIDENTIAL ELECTIONS

(Mr. HAMILTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HAMILTON. Mr. Speaker, 5 years ago President Kennedy's Commission on Registration and Voting Participation declared:

> No American should be deprived of the right to vote for President and Vice President because he changed his address before the election and did not have time to meet State residence requirements.

On May 25, 1967, President Johnson declared in "The Political Process in America," a message to the Congress proposing legislation to strengthen the political process:

> This Nation has already assured that no man can legally be denied the right to vote because of the color of his skin or his economic condition. But we find that millions of Americans are still disenfranchised—because they have moved their residence from one locality to another.

The President further declared:

> The people's right(s) to travel freely from State to State is constitutionally protected. The exercise of that right should not imperil the loss of another constitutionally protected right—the right to vote.

An analysis of the voting results of the 1960 presidential election, the last election for which studies are available, shows that between 5 and 8 million otherwise eligible voters were deprived of their right to vote because of unnecessarily long residency requirements of many States. Almost half of the States, for example, through laws enacted a century ago, require a citizen to be a resident a full 12 months prior to qualifying to vote for the only two nationwide elective offices—the Presidency and Vice-Presidency of the United States.

Public participation in the processes of government is the essence of a democracy. H. G. Wells called the voting process, "democracy's ceremonial, its feast, its great function."

No government can long survive that does not heed the public will. The American system has endured for almost two centuries because the people have become more and more involved in the process of governing. But government itself has a continuing obligation—second to no other—to keep the process of public participation functioning smoothly thereby maintaining a vibrant democracy.

Mr. Speaker, to enable citizens of the United States who change their residences to vote in presidential elections, I now introduce the Residency Voting Act of 1969. The act provides as follows:

A bill to enable citizens of the United States who change their residences to vote in presidential elections, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That this Act may be cited as the "Residency Voting Act of 1969".

SEC. 2. The Congress hereby declares that to enhance the right under the fourteenth amendment to the Constitution of citizens who change their residences to enjoy equal access to the right to vote in the election for President and Vice President of the United States, it is necessary to prohibit the States from conditioning the right to vote on the fulfillment of certain requirements of residence or registration.

SEC. 3. (a) No citizen of the United States who is otherwise qualified to vote in any State or political subdivision in any election for President and Vice President of the United States shall be denied the right to vote in such election because of any requirement of residence or registration of such State or political subdivision if such citizen has resided in such State or political subdivision since the first day of September next preceding such election and has complied with the requirements of registration to the extent that such requirements provide for registration after such date. If such citizen has begun residence in a State or political subdivision after the first day of September next preceding an election referred to in the preceding sentence and does not satisfy the residence requirements of such State or political subdivision, then he shall be allowed to vote either in person or by absentee ballot in the State or political subdivision from which he most recently moved if, but for his nonresident status, he has satisfied, as of the date of such move, the requirements to vote in the State or political subdivision from which he most recently moved.

(b) No citizen of the United States who is otherwise qualified to vote by absentee ballot in any State or political subdivision in any election for President and Vice President of the United States shall be denied the right to vote in such election because of any requirement of registration that does not include a provision for absentee registration.

SEC. 4. (a) In the exercise of the powers of the Congress under section 5 of the fourteenth amendment to the Constitution, the Attorney General is authorized and directed to institute in the name of the United States actions, including actions against States or political subdivisions, for declaratory judgment or injunctive relief to restrain the en-

forcement or execution of any residence or registration requirements which, in his judgment, interfere with the provisions or purposes of this Act.

(b) Proceedings instituted pursuant to this section shall be heard and determined by a three-judge district court in accordance with the provisions of section 2284 of title 28 of the United States Code, and any appeal shall lie directly to the Supreme Court. It shall be the duty of the judges designated to hear the case to assign the case for hearing at the earliest practicable date and to cause the case to be in every way expedited.

SEC. 5. (a) Whenever any person has engaged, or there are reasonable grounds to believe that any person is about to engage, in any act or practice in violation of the rights conferred by section 3, the Attorney General is authorized to institute for the United States, or in the name of the United States, an action for preventive relief, including an application for a temporary or permanent injunction, restraining order, or other order, and including an order directed to the State and State or local election officials to require them to (1) permit persons benefited by this Act to vote and (2) count such votes.

(b) The district courts of the United States shall have jurisdiction of proceedings instituted pursuant to this section and shall exercise the same without regard to whether a person granted rights under the provisions of this Act shall have exhausted any administrative or other remedies that may be provided by law.

SEC. 6. (a) Whoever knowingly or willfully gives false information as to his name, address, or period of residence in a State or political subdivision for the purpose of establishing his eligibility to register or vote under this Act, or conspires with another individual for the purpose of encouraging such individual's false registration or illegal voting under this Act shall be fined not more than $10,000 or imprisoned not more than five years, or both.

(b) Whoever shall deprive or attempt to deprive any person of any right secured by this Act shall be fined not more than $5,000, or imprisoned not more than five years, or both.

Mr. Speaker, no citizen of the United States who is otherwise qualified to vote in any election for President and Vice President of the United States should lose the right to vote because of a change in his residence.

The Residency Voting Act of 1969 provides that otherwise qualified voters residing in a State or political subdivision since the first day of September shall be entitled to vote for President and Vice President in that State or political subdivision if the voter has complied with requirements providing for registration after the first day of September. The proposed Residency Voting Act of 1969 further provides if such citizen has begun residence in a State or political subdivision after the first day of September and does not satisfy the residence requirements, then he shall be allowed to vote either in person or by absentee ballot in the State or political subdivision from which he most recently moved if, but for his nonresident status, he has satisfied, as of the date of such move, the requirements to vote in the State or political subdivision from which he most recently moved.

On May 25, 1967, the junior Senator from Nevada introduced in the other body a bill, S. 1881—90th Congress, first session—incorporating President Johnson's recommendations "that a citizen, otherwise qualified to vote under the laws of a State, may not be denied his vote in a presidential election if he becomes a resident of the State by the first day of September preceding the election." Those provisions have been incorporated in the Residency Voting Act of 1969.

Legislation enabling citizens of the United States who change their residences to vote in nationwide presidential elections should minimally provide a method of voting for otherwise qualified voters who, because they have changed their residences, have been denied the right to vote.

The provisions of the Residency Voting Act of 1969 recognize the need of the States for a minimal period of time prior to a nationwide presidential election in which to check registrations to insure that only qualified voters go to the polls to vote. With the exception of those States requiring 1 year's residence prior to voting in nationwide presidential elections, most States require a minimal period of residence—60 days or less. The Residency Voting Act of 1969 adopts that 60-day minimal residence period as the approximate uniform standard for voting in a new State of residence in the succeeding nationwide presidential election. State election laws providing for periods of residence of 60 days or less prior to voting in the nationwide presidential election remain unaffected.

However, the provisions of the Residency Voting Act of 1969 also recognize what should be the minimally acceptable standard for all persons who have qualified themselves to vote in nationwide presidential elections—that they should not be denied the right to vote because of a change in their residence. By having satisfied the voting requirements of a State or political subdivision from which he most recently moved, a citizen's voting registration remains current except for his change of residence. The Residency Voting Act of 1969 establishes a uniform standard in that a registered voter shall be allowed to vote either in person or by absentee ballot for President and Vice President in the State or political subdivision from which he most recently moved if he has not taken up residence in another State or political subdivision until after the first day of September preceding a presidential election. The initiative remains with the voter to act under the provisions of the Residency Voting Act of 1969.

ASTRONAUTS

(Mr. CASEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CASEY. Mr. Speaker, a magnificent heroes welcome home was given to our great Apollo 8 astronauts by the people of Houston and Texas yesterday.

Scores of thousands of proud Americans turned out to honor these brilliant, courageous and yet, modest, men during a gigantic parade through downtown Houston. It was my privilege, along with several of my colleagues, to be present at this awe-inspiring and heart-warming occasion and the ceremony following it—for like all Americans, I have a deep sense of pride in the tremendous achievement of these gallant astronauts.

To Col. Frank Borman, Capt. James Lovell and Lt. Col. Bill Anders, I join with your friends and fellow citizens in Houston and Harris County in expressing our heartiest congratulations for a job well done.

To Dr. Robert Gilruth, Director of the Manned Spacecraft Center, and the thousands of dedicated men and women of MSC who worked around the clock to make this flight a magnificent success—I say your diligent and untiring efforts in this great program have brought you the thanks of a grateful and proud Nation. Surely, if man's destiny is among the stars—you have charted the course and truly helped us take the first giant steps. Generations to come will mark the days of Christmas, 1968, as being the finest in mankind's long history of achievement in his quest for knowledge.

Frank Borman summed it up in his speech to the joint session of Congress on January 9:

> Exploration is the essence of the human spirit, and to pause, to falter, to turn our back on the quest for knowledge, is to perish—and I hope that we never forget that.

It was heartwarming to me to be present yesterday when 74 individuals in NASA, Department of Defense, and private industry who labored long and hard to make Apollo 8 flight so spectacularly successful were singled out for awards. Twelve received the NASA Distinguished Service Medal, and 62 others received Exceptional Service Medals, with group awards going to others who contributed so much to the success of this flight. To each, on behalf of a grateful nation, I again express my own personal congratulations.

Soon, my colleagues in the House will begin their deliberations on authorizing and funding the programs considered vital to the well-being and future of our Nation. National defense, of course, must have first priority. But in my considered judgment, I know of no other program which ranks higher in priority than our space program. It is unfortunate that too little attention is given to the tremendous benefits this program has brought to all Americans. Great achievements in medicine, electronics, metallurgy, plastics, and a host of other fields are directly related to the space program. The list grows daily as our space-age technology pours forth new inventions and new techniques and they are rapidly adopted by our competitive business community. I consider the tax money we have put into the space program to be one of the wisest investments of our Nation's resources, and the benefits we have received thus far are but a token of the dividends yet to come.

The great feeling of national pride we all felt at the successful conclusion of the Apollo 8 moon flight was a far cry from that grim day of October 4, 1957, when Russia opened the "space age" with the launching of Sputnik I. Because of men like Borman, Lovell and Anders, and the thousands who back them up on the ground, we are no longer second in the field of space. NASA has come far in the decade of its existence—but we have a long way to go. And I know I

speak for many of my colleagues when I say we do not intend to pause—to falter—or to turn back.

STOPPING SO-CALLED TRADE SCHOOLS WHICH PREY ON UNEDUCATED AND DEPRIVED POPULATION

(Mr. CABELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CABELL. Mr. Speaker, on behalf of those individuals in this country who, in the hope of bettering themselves and the financial conditions of their families, have left their homes and native States to enroll in a business or industrial school that promises to prepare them for a more productive career, and who have discovered that promises made them in regard to facilities, faculty, and career opportunities are both false and misleading, I hereby introduce a bill that would make it a crime to induce, through fraud or misrepresentation, any person to travel in interstate commerce for educational purposes.

The dire results of such inducements have become increasingly evident within the area of Dallas County, and within the limits of my own district, the Fifth District of Texas.

Many ambitious youngsters from hard working but less privileged families, often in neighboring States of Louisiana, Arkansas, Mississippi and others, have been persuaded, by promises of lucrative careers available upon completion of technical or industrial education, to leave their homes and to journey to a larger community and invest meager savings in schooling which does not, by any measure, live up to the great hopes that have been engendered.

In many instances the heartbreak of these youngsters has been great, but even more serious has been the resultant financial tragedy. For often, the money invested in a one-way ticket to the city, in fees and tuition, in books and in living quarters, has been exhausted, and the student awakens to the cold realities that the schooling is inadequate, that the educational facilities and the living quarters are not what had been promised, and that his only courses remaining are to either incur heavy new financial burdens and to return home without funds or education, or to remain in the city as a public charge.

Many dedicated citizens of my community have contributed much of their time and money out of their concern for these youngsters. But it is far better to prevent such a disease in advance than to seek to bandage up a wound after the damage has already occurred.

This bill which I am introducing today is not a solitary effort, but joins the efforts of both my community and my State to solve this problem. The city of Dallas has already adopted an ordinance requiring salesmen for such educational institutions to be bonded. But such an ordinance is enforceable only within Dallas city limits.

Legislation will be introduced in the Texas Legislature during the coming session concerning this matter. However, neither local nor State legislation can cross State lines and prevent the grief and the financial ruin that is the inevitable result in those areas of such inducement.

To merely regulate this situation in one community, or in one State, is not enough. Federal legislation that will coordinate with local and State laws to snuff out such unscrupulous sales activity is desperately needed now.

PROPOSED CONCURRENT RESOLUTION CALLING FOR ABOLISHING OF MANDATORY CONTROLS ON FOREIGN DIRECT INVESTMENT

(Mr. TUNNEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. TUNNEY. Mr. Speaker, the resolution which I am reintroducing today calls for the abolition of the mandatory controls on foreign direct investment established by Executive order of the President on January 1, 1968. The mandatory controls came on the heels of 3 years of voluntary controls in which American investors cooperated admirably. These controls had been described as "temporary," but there is more than a hint of permanence in the policy of these controls.

I have been amazed at the immediate outpouring of support from all segments of American business and industry for this resolution. I have also received numerous letters of support from prominent international economists from some of our best universities—Harvard and MIT among them.

The controls were initially described as a short-term expedient during the international monetary crisis associated with the devaluation of the pound and it was said at the time of their imposition that they could be justified only as a short-term expedient.

Mr. Speaker, that short term has already expired and the controls still remain.

The controls represent an extremely shortsighted policy; foreign investments have contributed materially to the U.S. balance of payments as a result of the return flow of earnings as well as through the creation, preservation, and servicing of export markets.

Far from worsening our balance of payments, foreign investments have long been a plus factor in our balance-of-payments position; between 1950 and 1966, for example, our private foreign investments of $39 billion returned $58 billion to the United States. A curtailment of these investments, therefore, has the effect of killing the goose that lays the golden egg.

Foreign investments have been a major factor in the U.S. balance of trade, since 25 percent of our exports are to U.S. overseas affiliates and subsidiaries.

Controls on free investment abroad diminish the competitiveness of American companies in the international marketplace, and have the tragic effect of depriving those developing countries whose economies have been stimulated by our private foreign investments.

An extremely inequitable aspect of the mandatory program, Mr. Speaker, is that it hurts most those companies who voluntarily cooperated with the Government in 1965–66 during the voluntary phase. The companies voluntarily sent the vast majority of their overseas profits home, often delaying or drastically curtailing needed reinvestment in plant and equipment for their foreign subsidiaries. Under the present mandatory program, 1965–66 is used as a base period to calculate allowable investment and repatriation rate of profit in the future. This program hurts those who cooperated.

Mr. Speaker, this country has worked hard to improve the conditions of commerce between nations of the world. Yet these controls jeopardize the benefits of worldwide trade and investment developed with such great difficulty by this Nation over the past 40 years.

Furthermore, by forcing partly owned American foreign subsidiaries to send a large share of its profits to the United States, we play into the hands of those who are so quick to paint the picture of American foreign enterprise as one of exploitation of other people, in other countries. I need not point out the adverse effect this has on our foreign relations with these countries.

Furthermore, these controls were established by Executive order with no direct authorization of supervision of the Congress—even though they are as fundamentally important to our economy as are taxing policies, which require the express authorization of Congress. I think it important that Congress express its deep interest in the control program quickly before the controls become a permanent part of our international investment picture.

Now is one of those times for enlightened self-interest, when a policy or a plan becomes contraproductive—when it works against itself—good sense dictates a reappraisal at the very least. That word "mandatory" works both ways, when a program works to the detriment of the national interest then it should be mandatory to take corrective action.

Therefore, Mr. Speaker, for both humanitarian and economic reasons, I believe the mandatory controls on foreign direct investments run counter to the national interest of the United States and through this resolution I hope my colleagues will join me in calling upon the President to eliminate them at the earliest possible moment.

CONGRESSMAN ANNUNZIO INTRODUCES FULL OPPORTUNITY ACT

(Mr. ANNUNZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ANNUNZIO. Mr. Speaker, Abraham Lincoln once advised the Congress, "This Government cannot endure permanently half slave and half free," and recommended legislation looking to the containment and elimination of slavery. The powers controlling Congress at the time did not heed the warning, did

not follow the advice, and chaos descended on the country.

When the Full Opportunity Act was introduced in October 1967, Dr. Martin Luther King declared:

> No nation can survive containing such extremes of wealth and poverty within her borders.

He recommended passage of the act, with the object of lessening and ultimately erasing poverty.

The powers controlling Congress at the time did not heed the warning and did not follow the advice. It cannot yet be said that chaos has resulted, but I fear that chaos is the logical outcome of such shortsighted inaction. The riotous results of 1968 cannot be regarded as anything other than a forewarning of chaotic times ahead, in the event that we fail to follow the recommendations of the late Dr. King.

My distinguished colleague, the gentleman from Michigan, the Honorable JOHN CONYERS, JR., spearheaded the move during the 90th Congress to introduce the Full Opportunity Act. It is a pleasure to join him today in cosponsoring the reintroduction of this much-needed legislation.

The Full Opportunity Act involves not only employment of the so-called hard-core unemployed, it also provides for adequate housing in behalf of those ill-housed, more effective schools in poverty-stricken areas, family allowances for the poor, a comprehensive minimum wage, full post-secondary educational opportunity, effective enforcement of existing equal employment opportunity legislation, and effective enforcement of the recently enacted Fair Housing Law.

Under the terms of this legislation, 3 million subprofessional jobs would be created in such areas as health, education, recreation, and conservation, which would allow even those individuals with the lowest level of training to perform useful and necessary work.

In the matter of housing, 1 million additional federally assisted, low- and moderate-income housing units would be provided every year for the next 10 years.

So far as education is concerned, Federal grants would be authorized for greater than average per-pupil expenditures in ghetto schools to finance intensive improvement of the regular school programs. Grants would be used to lower pupil-teacher ratios, develop superior teacher-training, and provide programs suited to the particular needs of the children involved.

A program of family allowances included in the act is modeled after a Canadian program of 25 years standing and similar programs instituted by every other industrial nation on earth except ours. Grants of $10 per month per child would be provided every family in the country. Being taxable, it would mainly benefit low-income families who would not have to pay it back at tax-collection time.

Postsecondary education would be extended to thousands upon thousands of the poor, under the act, through a massive increase of Federal assistance.

Equal opportunity would be advanced by providing the Equal Opportunity Commission with the full powers of a standard Federal regulatory agency.

Fair housing would be advanced by creation of a National Fair Housing Board with the full powers of a Federal regulatory agency.

The purpose of the Full Opportunity Act is self-evident—to provide opportunity in the many vital areas of American life which are today the exclusive playground of a favored majority. Until we remedy this state of affairs, we shall remain the object of ridicule and suspicion throughout the world—the great democratic colossus of the West preaching equal opportunity abroad while carefully suppressing it at home.

Tomorrow, January 15, is the birthdate of the late hero of democracy, Dr. Martin Luther King. By reintroducing the Full Opportunity Act today, we are seeking to honor his memory, for it was he who described the Full Opportunity Act as coming "closest to what we're after." He was referring, of course, to the goals of the poor people's campaign. We also seek to emphasize his view that:

> The alternative to the passage of the Full Opportunity Act may well be a generation of social chaos. No nation can survive containing such extremes of wealth and poverty within her borders.

It remains our compelling responsibility to close the gap between the haves and the have-nots in our country. By supporting the Full Opportunity Act, we will go a long way toward eliminating the long standing inequities which have plagued the poor in our Nation. I urge my colleagues to lend their support to this worthy endeavor.

SAFETY PROTECTION NEEDED FOR FARM TRACTORS TO END UNNECESSARY DEATHS

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, in 1966 Congress adopted legislation requiring certain safety features on automobiles, Public Law 89–563. Today that law is generally hailed as one of the forward accomplishments of the 89th Congress.

But while we have recognized the need for protecting the lives and safety of those who drive automobiles, we have so far overlooked another major source of fatal vehicle accidents, the farm tractor. This is especially true in the case of children and young people, who are killed all too frequently on the farm when tractors overturn and drivers are pinned underneath.

In fact, over 600 lives annually, I am advised, are lost in farm tractor accidents. The National Safety Council's Committee on Tractor Overturn Prevention and Maintenance last year endorsed the 1967 recommendation of the American Society of Agricultural Engineers for the installation of "protective frames" on farm tractors as "basic equipment."

Mr. Speaker, I have the honor to represent in this House one of the most important farming districts in this Nation. To protect the lives and health of these individuals I introduced in this House on opening day legislation to require that roll bars and seat belts be installed, as safety devices, on all farm tractors. In addition my bill, H.R. 680, would provide for mandatory farmer representation on the National Motor Vehicle Safety Advisory Council, created under Public Law 89–563.

I know, of course, that farmers are usually very hesitant about the prospect of any additional Federal legislation affecting them and their enterprises. But I am confident that H.R. 680 will be a help to farmers, not a hindrance. And it will be a help, too, I believe, to thousands of nonfarm rural residents who use farm-type tractors for gardening, cutting grass, plowing snow, and other chores.

Already farmers and farm families are paying very high prices for necessary farm machinery. Surely the very least we can do to help them is to require that the manufacturers of farm vehicles provide these simple, basic safety features to protect farm lives and reduce crippling injuries from the most common of farm tractor accidents.

AVERELL HARRIMAN: A GREAT AMERICAN COMES TO THE CLOSE OF HIS TOUR OF DUTY IN PARIS

(Mr. BINGHAM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BINGHAM. Mr. Speaker, a great American is coming to the close of his tour of duty in Paris. I refer to Averell Harriman. In my judgment no man has served his country over the years with greater distinction, greater wisdom, and greater courage. In Paris he has shown that extraordinary combination of patience, firmness, resourcefulness, and above all ability to understand the character of his opponents that has made him America's foremost peacemaker.

He put a fitting cap to his service in Paris with his statement yesterday. I hope the incoming administration will give careful, indeed prayerful, consideration to what Ambassador Harriman said about the way we must proceed in the future if this tragic war in Vietnam is to be brought to a peaceful conclusion. He pointed out that we cannot hope for victory if we are to settle the war. This was a wise and foresighted statement and something that needed saying. Coming from a man with Ambassador Harriman's record, it should be taken very much to heart by all of us.

I hope that the incoming administration will have the wisdom to continue to make use of Ambassador Harriman's unique abilities, experience and dedication, and I am sure he will respond to any request for future service to his country with the patriotism which has motivated his entire career.

THE FULL OPPORTUNITY ACT—TOWARD A BRIGHTER FUTURE FOR ALL AMERICANS

(Mr. CONYERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. CONYERS. Mr. Speaker, I would like to take this opportunity to speak to you today about a bill I am reintroducing in the new Congress. This bill, the Full Opportunity Act, is designed to mount a full-scale offensive against the causes of poverty in both urban and rural America.

Twenty-four of my colleagues have joined me in cosponsoring this legislation. They are: Mr. ANNUNZIO, Mr. BROWN of California, Mr. BURTON of California, Mrs. CHISHOLM, Mr. CLAY, Mr. EDWARDS of California, Mr. FARBSTEIN, Mr. FRASER, Mr. GILBERT, Mr. GONZALEZ, Mr. HALPERN, Mr. HELSTOSKI, Mr. KASTENMEIER, Mr. LOWENSTEIN, Mr. MATSUNAGA, Mr. MIKVA, Mr. MOORHEAD, Mr. PODELL, Mr. REUSS, Mr. ROSENTHAL, Mr. ROYBAL, Mr. RYAN, Mr. STOKES, and Mr. CHARLES H. WILSON.

In the simplest terms, of course, people are poor because they lack income. We can all agree that the root causes of a lack of income, and therefore poverty, are lack of educational and employment opportunities, and the consequent inability of families to earn an adequate income. Along with these basic causes of poverty, there are also other factors that are intimately related to the state of being poor, including inadequate housing, insufficient medical care, and inadequate police protection. It is against the three interrelated aspects of poverty—jobs, housing, and education—that my bill, the Full Opportunity Act, is basically addressed.

Most of us have come to believe the effort to insure that every American has a decent job is going to require massive Federal assistance. If we are to make any sort of headway in the short run in alleviating the poverty caused by a lack of employment opportunities, we must provide a full range of well paying jobs that are available to everyone willing and able to work. It seems likely that this will require more than just Federal incentives to private employers to induce them to make employment opportunities available. It will necessitate that jobs—good jobs—be made available in the public sector, at the Federal, State, and local levels, as well as in the private sector.

We must insure that the employment opportunities that are created in both the public and private sectors are available to everyone. I feel very strongly about this. There is, it seems to me, little point in creating additional jobs if they are not made available to those who need them most. One way to accomplish this is to expand and strengthen the powers of the Equal Employment Opportunity Commission. The EEOC appears to have been doing a reasonably effective job of indicating situations where discrimination in hiring and promotion policies exist. What is now needed is for the powers of the EEOC to be significantly expanded, so that the Commission can take action against the discriminatory practices that are uncovered. My bill is designed to create not only the needed number of new jobs, but to strengthen EEOC as well. This should help insure that the job opportunities that are created are in fact made available to those who are presently unemployed.

Another important fact we must recognize is that the new jobs that are created, as well as those that already exist, must pay a sufficiently high wage to enable the jobholder to support himself and his family. The Full Opportunity Act attempts to get at this problem by providing for a comprehensive minimum wage, designed to apply to virtually all wage earners, both industrial and agricultural. Minimum wage laws tend to result in the substitution of machines for unskilled labor, and therefore cause a reduction in employment opportunities. It is expected that the provisions in the Full Opportunity Act for the creation of a large number of new jobs will overcome the possible adverse effects of the proposed new minimum wage.

The provisions discussed above are designed to improve the lot of those who are presently working at low paying jobs, and those who are potentially employable. It is well recognized, however, that a large proportion of the poor are poor because they are unable to work, regardless of whether or not employment opportunities are available. It is also well recognized that the welfare system as it is presently administered is far from adequate to relieve the plight of the unemployable poor. I am not suggesting by this that the present welfare system be dismantled and nothing provided to take its place. Rather, I would say that the present system must be supplemented as well as reformed.

My Full Opportunity Act is designed to supplement the present welfare system with a monthly family allowance. A number of well-known authorities have advocated a family allowance plan for the United States for some time; and a number of other countries have successfully employed this technique as a way of providing income supplements. The major advantage of such a plan over the present welfare system is that it avoids the stigma of a means, or needs test. Almost everyone who is familiar with the present welfare setup agrees that the means test should be eliminated. The family allowance plan is one proven method for accomplishing this objective. I therefore feel that the establishment of a family allowance plan in this country, as provided in my bill, should receive the highest priority in the new Congress.

Housing is another problem of grave concern to those living in poverty. The residential construction industry appears simply incapable of providing shelter within the ability of a substantial proportion of the American population to pay. It is becoming increasingly apparent that massive Federal assistance will be required if we are to meet our housing goal of providing "a decent home and a suitable living environment for every American family." The Full Opportunity Act is designed to provide this necessary Federal assistance. Such assistance is to be provided for both the construction of new housing units, and for the rehabilitation of sound but deteriorated housing.

It is well known that a large part of the housing problem of the black minority is caused by a lack of access to decent housing located in de facto segregated neighborhoods. It is likewise obvious that in order to improve the housing choices of poor minority groups, housing constructed or rehabilitated with Federal assistance must be available everywhere to all on an equal basis. In order to insure that this will be the case, the Full Opportunity Act includes a title strengthening the fair housing provisions of the Civil Rights Act of 1968. Under this title all housing without exception must be rented or sold without regard to the race, creed, or national origin of the prospective renter or purchaser. This title provides a necessary strengthening of the fair housing provisions of the Civil Rights Act, and is in line with the recent Supreme Court decision outlawing all forms of discrimination in housing.

A third, and in some ways most significant part of the vicious circle of poverty is lack of educational opportunity. It should be obvious that no matter what is done to alleviate poverty through the provision of jobs, income supplements, and housing in the short run, the long run key to the solution of the poverty problem lies with improvement of our slum school systems. The Full Opportunity Act is designed to tackle this problem of improving education on two fronts—the public school system, and postsecondary institutions.

It is universally recognized that slum public schools are in bad shape and are getting worse. This trend must be reversed and the quality of the education provided by our central city schools must at least meet, and hopefully exceed, that of the best of the white suburban schools systems. This may sound like a far fetched dream, and perhaps it is—but unless we make a start to improve the quality of our slum area schools, and make it immediately, the poverty problem will continue to corrode the core of American society.

I cannot stress too heavily my concern with the problems of education. If no other titles of the Full Opportunity Act are acted upon in this session of the new Congress, I would hope that serious consideration be given to the titles designed to provide more effective central city schools, and to provide true equality of opportunity for obtaining postsecondary education.

The Full Opportunity Act, in addition to providing massive assistance to the public school systems in central cities, is also designed to help improve the access of minority groups to the Nation's colleges and universities. In today's complex and technologically oriented society it is becoming increasingly imperative for the individual to obtain a college education. A college degree is more and more frequently an indispensible passport to rewarding employment. Postsecondary education is also, of course, an extremely valuable investment for a nation to make for the sake of its future citizens and their well-being. The increasing complexity of modern society makes it imperative that a continuing flow of highly educated men and women

be produced to administer and operate our increasingly complex institutions.

These factors make it imperative that no qualified American be denied a college education for ethnic or financial reasons. The Full Opportunity Act is designed to provide Federal assistance to both prospective university students, and to the institutions of higher learning needed to accommodate them, in order that all who may benefit from higher education may obtain it regardless of race or income level.

This discussion has indicated some of the things that my bill, the Full Opportunity Act, is designed to accomplish, and why I consider their achievement essential. I should just like to note in conclusion that Dr. King before his death, indicated that this bill represented a large step in the direction necessary to help achieve the elimination of poverty, and the achievement of economic justice for all Americans, regardless of race, creed, or national origin. I promise to do all I can to see that this legislation receives full consideration during this session of the new Congress. Your help in this effort, in the form of letters and telegrams of support to your Congressmen, can be helpful and will be deeply appreciated. If we all work together there is hope that we can begin, during this Congress, to take this needed step toward insuring a brighter future for all Americans.

Mr. RYAN. Mr. Speaker, will the gentleman yield?

Mr. CONYERS. I yield to the distinguished gentleman from New York.

Mr. RYAN. I thank the distinguished gentleman from Michigan for yielding.

Mr. Speaker, I am pleased to join again with my colleague in cosponsoring the Equal Opportunity Act. It is certainly fitting and proper that it should be reintroduced at the time of Dr. Martin Luther King's birthday. No one fought with greater passion or determination for the poor than he.

Tomorrow, January 15, the Reverend Dr. Martin Luther King would have celebrated his 40th birthday, and I and many of my colleagues would have risen in this Chamber to pay tribute to Dr. King's devotion to the ideals of equality, brotherhood, and nonviolence. Today I rise to honor the slain Dr. Martin Luther King by joining in the introduction of legislation which, if enacted, would bring a full and deserved measure of equality and opportunity to those poor Americans for whom Dr. King fought so passionately all his life.

The Full Opportunity Act, which I was pleased to cosponsor in the last Congress with my colleague from Michigan (Mr. CONYERS), proposes a comprehensive program for insuring that all Americans regardless of color, religion, or national origin have full opportunity for adequate employment, housing, and education. The recommendations urged by the National Advisory Commission on Civil Disorders parallel the goals of this legislation.

The bill authorizes $30 billion a year for the next 10 years, which would be used to carry out innovative programs in jobs, education, and housing.

It provides for the employment of 3 million hard-core unemployed persons, as well as job training and education which would allow the hard-core unemployed to move into more highly skilled positions.

It increases the minimum wage to $2 per hour for every working American, a figure that would yield an annual income of approximately $4,000 per year, reducing the burdens of poverty for those most severely affected by long-term joblessness and underemployment.

The Full Opportunity Act extends the coverage of title VII of the Civil Rights Act of 1964 to protect all American working men and women against discrimination in employment and provides strong enforcement powers to the Equal Employment Opportunity Commission, including the power to issue cease and desist orders.

The act would also require that every housing unit be sold or rented on a nondiscriminatory basis.

The act also provides for expanded housing programs for low- and moderate-income families—public housing, rent supplements, rehabilitation, section 221(d)(3), and homeownership assistance—designed to yield 1 million additional low- and moderate-income housing units each year for the next 10 years.

In addition, the bill would raise the quality of elementary and secondary education for low-income children through direct Federal grants to schools and a program of loans which would enable low-income students to borrow up to $15,000 over a 5-year period, with repayment spread over a 40-year period.

Mr. Speaker, this omnibus bill deserves the prompt consideration of this Congress. I have introduced a number of legislative proposals which deal separately with the problems which the Full Opportunity Act seeks to solve in its eight titles. The scope of this bill reflects the scope and seriousness of the underlying causes of poverty.

It is significant and at the same time symbolic that the estimated annual cost of the programs envisioned—$30 billion—is the equivalent of the cost of the war in Vietnam, which has diverted our Nation's energies from the task of social reconstruction at home. It is essential to reorder our national priorities if the tragic events of the past few years are not to be repeated on a wider and more convulsive scale.

The passage of the Full Opportunity Act would alleviate much of the injustice and deprivation that have plagued millions of our fellow citizens. I can quote no more eloquent champion of this bill than the late Dr. Martin Luther King, who less than 5 months before his assassination wrote:

> The alternative to the passage of the Full Opportunity Act may well be a generation of social chaos. No nation can survive containing such extremes of wealth and poverty within her borders. The sands of time are replete with bleached bones of civilizations which have neglected to include the masses of their citizenry into full participation in the nation's social and economic opportunities. The Full Opportunity Act is an excellent approach to the long-standing inequities and historic deprivation which have plagued the poor of this nation for more than a century.

I would only add that the need pictured in Dr. King's statement is, if anything, more desperate today than it was a year ago.

Mr. CONYERS. I thank the gentleman.

THE PERMITS FOR ASSEMBLIES, MARCHES, OR DEMONSTRATIONS DURING INAUGURATION SHOULD BE DENIED

(Mr. WYMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYMAN. Mr. Speaker, permits for assemblies, marches, or demonstrations here in the District of Columbia to those whose announced intention is to disrupt the National Capital during the forthcoming inauguration should be denied. Those seeking such permits make no bones about their intention to create unrest, civil disobedience, and further disruption of law and order. They have been trained in schools for the disruption of law and order.

There is no constitutional requirement for the issuance of a permit to assemble or march to such persons and such permits should be denied in the interest of protecting the public peace and safety. The allowance of a permit in these circumstances would make a mockery of the constitutional right to peaceable free assembly.

We in the Congress do not want this to happen and I have today wired the Attorney General and the Secretary of the Interior as follows:

> Request denial of any permits for mass demonstrations or assemblies other than duly constituted inaugural committees in the District of Columbia during Inaugural period. To grant permit to those whose announced intentions are to break the law if necessary to attract attention is to make a mockery of the constitutional right to peaceable free assembly. There is no constitutional requirement for the issuance of a permit to assemble and march in such circumstances and we urge in the interest of the public peace, dignity and safety that all such applications be denied without exception.
>
> LOUIS C. WYMAN,
> WILLIAM CRAMER,
> *Members of Congress.*

If need be the Congress by joint resolution should call on the executive branch to deny permits under these conditions.

PUBLIC SAFETY DURING THE INAUGURAL PERIOD

(Mr. WYMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. WYMAN. Mr. Speaker, not without significance is the fact that law enforcement precautions during the inaugural period are under the control of officials of the outgoing administration. This becomes materially important when it is considered that the failure of the outgoing Attorney General to de-

mand firm law enforcement—reflected by a substantial increase in crime—was one of the major issues in the recent presidential campaign.

It is fervently hoped by almost all Americans that a policy of a new and needed firmness in Federal law enforcement will be the rule for at least the next 4 years, in which law and order with equal justice for all will be maintained throughout the Nation.

At this time I believe the outgoing Attorney General owes the incoming administration at least the establishment of a definition of policy in advance of January 20 that demonstrators conducting themselves within the law will be left alone but that any who deliberately break the law, either on or off the streets, will be arrested and prosecuted. This policy should be maintained by adequate law-enforcement personnel in sufficient numbers, with an available-on-call backup of Federal forces, all prepared to arrest without brutality deliberate lawbreakers without exception. Courts and prosecutors should be on a standby basis throughout whatever period is determined to be critical.

There appears to be no need nor would it be advisable to put tanks or troops on the streets in advance. A show of overforce of this type would be a provocation. But they must be ready if needed, and on a moment's notice.

Public patience with deliberate troublemongers and rioters is justifiably wearing thin. The people are entitled to observe the inauguration of President-elect Richard Nixon in peace and safety. The basic obligation of those responsible for law enforcement is to maintain and defend our citizens as they come and go upon the public thoroughfare. This obligation has never been more apparent than in the National Capital at this hour faced with the announced intention of a small minority to disrupt the inauguration and violate the law.

PERMITS FOR ASSEMBLIES, MARCHES, OR DEMONSTRATIONS DURING INAUGURATION SHOULD BE DENIED

(Mr. CRAMER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CRAMER. Mr. Speaker, I join with the gentleman from New Hampshire (Mr. WYMAN). If ever there was a time in the history of this country when the dignity of the inauguration should be manifest and should be preserved, it is this inauguration, when our Nation and the world are faced with such great crises.

We have been served notice that there is an intention on the part of certain groups to debauch this inauguration, to despoil it, to defile it, to not even give the new President-elect of the United States the opportunity to set the stage for his program and for peace and prosperity in this Nation and peace in the world.

We have been served notice in an underground newspaper called the Washington Free Press. It is a disgusting publication.

In this publication it is set out in detail what is being planned. It is a "counter-inaugural." Why, they are even asking for a permit to have their own ball on publicly owned property on the grounds of the Washington Monument. They are even asking to have a counterparade marching in the wrong direction the day before the right direction parade is held in commemoration of the inauguration of the President of the United States.

Regardless of party, Richard M. Nixon is the duly elected President of the United States of America. Are we going to permit Mr. Dellinger and his crowd to desecrate the high office of the Presidency? To do to this Nation's Capital and to the image of America and the world what they did outside the Pentagon not too long ago? Are we going to permit them to create a Chicago riot fiasco right here in the Nation's Capital?

We have been served notice. These revolutionaries are now "negotiating" with the Secretary of the Interior, the District of Columbia authorities, and the Attorney General, and members of the committee which I helped to negotiate with on behalf of the House to try to get the demonstrators out of "Resurrection City," and at the time I introduced a bill to make sure that such an occurrence would not happen again. I have reintroduced this bill. I hope that it will pass this session.

I join with the gentleman from New Hampshire in saying that such permits cannot be and should not be granted to permit this or any other organization in the name of any group or purpose to debauch this inauguration. I would hope that my colleagues will join us in this effort.

A copy of the press release announcing my opposition and that of my distinguished colleague, the gentleman from New Hampshire, LOUIS C. WYMAN, is herewith included in these remarks for the information of my colleagues:

CONGRESSMEN CALL FOR DENYING PERMITS TO DEMONSTRATORS DURING INAUGURAL PERIOD

Two Republican Congressmen today called upon Interior Secretary Udall, Mayor Walter Washington and Attorney General Ramsey Clark, to deny the issuance of permits to "counter inauguration" protestors who are planning to erect a large tent on the grounds of the Washington Monument as well as march down Pennsylvania Avenue a day before the Inauguration.

In a speech on the House Floor, U.S. Reps. William C. Cramer, R-Fla., and Louis C. Wyman, R-N.H., read the text of a wire they sent to Udall, Clark and Washington in which they said that "there is no constitutional requirement for the issuance of a permit to assemble or march in such circumstances . . ."

The wire urged the denial of any permits "in the interest of the public peace, dignity and safety." To grant permits to those whose announced intentions are to break the law if necessary to attract attention is to make a mockery of the constitutional right to peaceable free assembly."

Cramer and Wyman also disclosed that an article in the Washington Free Press, an underground hippie newspaper, laid out plans for the counter inaugural which reveals that substantial planning and forethought has gone into the demonstration. "The article clearly anticipates acts of violence by discussing the possibility of 'police charges,' 'gassing,' and the 'overall military situation' during the inaugural week, and how this activity can be used against the 'friends of Nixon,'" Cramer and Wyman said.

The paper also calls for Communist victory in Vietnam and extension of Castro type communism on the North and South American continents.

The following is the text of the message sent to Udall, Washington and Clark:

"We request denial of any permits for mass demonstrations or assemblies in the Nation's Capitol during Inaugural period. To grant permit to those whose announced intentions are to 'Break the law if necessary to attract attention' is to make a mockery of the constitutional right to peaceable free assembly. There is no constitutional requirement for the issuance of a permit to assemble or march in such circumstances and we urge in the interest of the Public Peace, Dignity and Safety that all such permits be denied without exception.

"LOUIS C. WYMAN,
"WILLIAM C. CRAMER,
Members of Congress."

WAR IN THE MIDDLE EAST

(Mr. KUYKENDALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. KUYKENDALL. Mr. Speaker, once again we are threatened with war in the Middle East. The best guarantee of keeping the peace in that area is to maintain the balance of power. The surest way to increase hostilities and pave the way for the resumption of a hot war is to give a decided military advantage to one side or the other.

The action by French President de Gaulle in stopping the sale of planes to Israel and his negotiations with the Arabs with the view of supplying them planes and arms, is a serious threat to peace. The only way we can bring about a return to the status quo is by furnishing Israel the necessary planes it needs to restore the balance of power.

It is up to the United States to fill the void created by the action of France and see to it that Israel has the necessary means to defend its borders.

The situation has been worsened by indications that the Soviet Union is accelerating its shipment of arms to the Arab nations and making no effort to curtail them.

TERMINATION OF CONTROLS ON FOREIGN INVESTMENTS DUE

(Mr. MIZE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MIZE. Mr. Speaker, I am pleased to cosponsor the concurrent resolution introduced today by the gentleman from California (Mr. TUNNEY). Our resolution calls for termination, as soon as prudently possible, of the controls imposed last year upon direct foreign investment.

These controls, announced January 1, 1968, and contained in President Johnson's Executive Order No. 11387, are of questionable legality. The President, in issuing his order, was forced to cite the Trading With the Enemy Act of 1917, and a declaration of national emergency dating to the Korean war as authority. Congress was not sufficiently consulted

before the investment restrictions were imposed, and I think it is sufficient to say that the legislative history of the Trading With the Enemy Act of 1917, did not directly address itself to the international monetary crises of the middle 1960's.

Mr. Speaker, as recently as yesterday my staff requested material from the Office of Direct Foreign Investment, Department of Commerce, for documentation of the effect these controls have had on the outflow of capital. We were informed the most recent collated data was published in the September 1968 issue of Survey of Current Business, page 22, table F, which is reproduced as follows:

TABLE F.—DIRECT INVESTMENT CAPITAL OUTFLOWS SUBJECT TO RESTRICTIONS BY THE FOREIGN DIRECT INVESTMENT PROGRAM

[Millions of dollars]

	Year		1967				1968	
	1965	1966	1st quarter	2d quarter	1st half	1st quarter	2d quarter	1st half
Capital outflows for direct investments, (table 1, line 33, signs reversed)	3,468	3,623	3,020	899	423	1,322	589	836	1,425
Less transactions not subject to OFDI regulations:									
a. Investments in Canada	962	1,135	392	64	52	116	−26	240	214
b. Other nonprogram transactions [1]	81	107	55	17	19	36	57	35	92
Capital outflows subject to OFDI regulations	2,425	2,381	2,573	818	352	1,170	558	561	1,119
Schedule A countries	527	321	521	125	−52	73	73	90	163
Schedule B countries	744	677	916	396	139	535	281	271	552
Schedule C countries	1,154	1,384	1,136	297	265	562	204	200	404
Less utilization of funds obtained abroad through:									
Bond issues	52	445	278	77	61	138	140	62	202
Increases in other long-term liabilities [2]	28	193	86	117	−23	94	155	39	194
Net capital outflows subject to OFDI regulations	2,345	1,743	2,209	624	314	938	263	460	723

[1] Includes transactions by financial enterprises, securities of U.S.-owned foreign companies sold to nonaffiliated U.S. residents and other non-program transactions with countries other than Canada.
[2] Under the assumption that net changes in long-term liabilities of U.S. corporations (tables 1, 2, and 8, line 54 for all countries except Canada) reflect net proceeds of loans obtained abroad which are immediately transferred to foreign affiliates.

This table shows net capital outflows subject to OFDI regulations—that is, subject to the controls imposed by the Executive order. While third quarter data is not yet fully available, I am informed that there was no significant departure from trends established during the first half of the year.

Perhaps the most significant effect these controls have had was the corporate shift to foreign sources for funding. Funds obtained abroad by U.S. corporations through the issue of new securities increased about 350 to 400 percent during 1968—bringing the total to over $2,000 million. Increased foreign borrowing, then, must be considered in assessing the effect of the controls on U.S. capital.

Mr. Speaker, it would be foolhardy to suggest the controls have had no effect at all. When full data on 1968 is available, in about 6 months, the impact can be known. Perhaps as much as one billion in direct U.S. investment abroad will have been denied U.S. businessmen.

But the crucial question before the Congress and the Nation is simply this: Is the price for this so-called savings too steep to pay? Are our controls contraproductive? Are we damaging irreparably our future balance-of-payments position through shortsighted action for shortrun gain?

RETURN ON INVESTMENTS ABROAD

Mr. Speaker, in 1966 the United States realized $4,045 billion in dividends on its U.S. investments abroad. In 1967, the figure was $4.5 billion. This past year will similarly show a healthy surplus for U.S. businessmen who have had the courage and imagination for overseas speculation and investment.

But if U.S. investment is curtailed for a period of years, as it has been in 1968, American businessmen will be denied the ongoing opportunity to build a solid basis for return and profit in the 1970's. No one can say the U.S. balance-of-payments position will be so strong in 10 years that dividends on private foreign investment will be unnecesary to protect the dollar.

One simple statistic will dramatize my point. From 1946–66, our private sector realized a net gain in balance of payments of some $84 billion, while the Government showed a deficit of some $115 billion for the same 21-year period. The Nation could not have survived financially without that return on U.S. private investment abroad during that period. In my opinion, the 1970's will be no different.

The President's controls must be rescinded, and our balance-of-payments deficit must be remedied where the damage has been done—in the public sector. The public sector has shown the loss, and private U.S. businessmen should not be forced to pay for public fiscal folly.

FREE WORLD MERCHANT VESSELS IN NORTH VIETNAMESE TRADE

(Mr. CHAMBERLAIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. CHAMBERLAIN. Mr. Speaker, as the 91st Congress begins its deliberations and the Nation, under fresh leadership, looks ahead with new hope at the problems that have troubled us and the world so long there is still no question that our first concern continues to be the prolonged war in Vietnam.

No one, of course, can predict how long it will take to successfully and honorably extricate ourselves from this, the longest war in the history of our country. It appears certain, however, that the debate over the many facets of this war will occupy historians for decades to come and that it will probably be a number of years before all the relevant information will become available in order to permit a comprehensive judgment about it.

As my colleagues know, one aspect of this complex and frustrating conflict, that has particularly concerned me for some time, not only demonstrates the failure of past policy, but continues to demand our active attention and greater efforts. I speak of the longstanding and growing problem of the use of free world merchant vessels in North Vietnamese trade and I take this occasion to give my colleagues and the citizens of our country a report of this traffic to North Vietnam for the year just ended.

During 1968, according to information provided me by the Department of Defense, there were a total of 149 arrivals in North Vietnam of ships flying the flags of nine different free world countries; namely, the United Kingdom, Cyprus, Somalia, Singapore, Lebanon, Italy, Japan, Malta, and Kuwait. This represents an alarming increase in this traffic over the 78 arrivals during 1967. Furthermore, I am advised that the cargo capability of these vessels helping to supply the enemy in 1968 amounted to more than 1 million tons as compared to some 560,000 tons for 1967. In addition, last year at least 11 of these arrivals involved tankers which by their very inherent characteristics indicate the transport of strategic goods.

During this past month of December there were a total of 14 free world ship arrivals, and recently I am advised a free world ship carried cargo from Haiphong to a key supply area far to the south and close to the demilitarized zone. This, then, is the incredible record of the past 12 months. During this same period of time 14,536 U.S. servicemen gave their lives in support of our efforts in South Vietnam, a number which is approximately half of all the American fatalities for this entire war.

Now we have heard time and again the rationalizations and excuses for the continued existence of this traffic with the enemy. These vessels for the most part, so far as we know, are under charter to Communist interests to carry Communist goods to help supply Communist North Vietnam.

Supplies are vital to the enemy—and they are becoming more important with every passing day. The current report of the Special Subcommittee on National Defense Posture of the House Armed Services Committee, dated December 31, 1968, confirms this fact. It states that since November 1, 1968, there has been a fivefold increase in the southward flow of supplies in North Vietnam, and further:

All major roads in North Vietnam are now open and rail and water crossings leading to Laos and toward the DMZ are being repaired and expanded at a rapid rate. Since November 4, massive quantities of POL, ammunition and anti-aircraft weapons have been

moving south. In the first 15 days of November, despite weather and seeing limitations, more POL drums were photographed than had been seen collectively in the past 12 months. Large numbers of personnel have been photographed moving south. Traffic on major routes is now moving south in large convoys on a bumper-to-bumper basis. The level of supply far exceeds replenishment needs of troops and the civilian populace and it appears that the North Vietnamese are establishing a massive logistic system which could be used as a foundation for future expanded operations.

The war cannot continue without supplies and the wherewithal to fight. It is just that simple. This source of supply is helping to prolong the war. This should be obvious to anyone—and I fail to see how making excuses for it contributes to our cause or defangs the enemy's ability to strike from its ambushes in South Vietnam.

Although I realize this traffic is in part accomplished by people on both sides of the bamboo curtain who know how to take full advantage of loopholes in the maritime laws of the nations of the world, I shall never be able to accept any justification for the continuance of this immoral trade. No matter how difficult it may be, ways should and must be found to shut off this added source of supply for the enemy.

Finally, Mr. Speaker, I would like to express the hope that this problem will receive the urgent attention of the new administration, for I feel that more must be done than has been done if we are to stem this flow of goods that is adding to the strength of North Vietnam, contributing to our casualties, prolonging the conflict and impeding the progress of the talks in Paris.

At this point in the RECORD I include charts indicating free world flag ship trade in North Vietnam during 1967 and 1968:

FREE WORLD SHIP ARRIVALS IN NORTH VIETNAM

Month	United Kingdom	Cyprus	Malta	Italy	Lebanon	Singapore	Somalia	Japan	Kuwait	Total
1967										
January	6									6
February	3	1	1							5
March	3									3
Apr	4	1								5
May	7	1	1							9
June	9	1		1						11
July	5									5
August	4	1	1							6
September	6			1						7
October	6									6
November	5									5
December	9				1					10
Total	67	5	3	2	1					78
1968										
January	9	1								10
February	7	1								8
March	10			1		1				12
April	10	1			1	1				13
May	13	3						1		18
June	1	2	1		1	1				17
July	6						2			8
August	9	3								12
September	11	1				1			1	14
October	7	1					2			10
November	9	1				1	2			13
December	10					1	3			14
Total	114	14	1	1	2	6	9	1	1	149

CARGO CAPACITY OF FREE WORLD SHIPS IN NORTH VIETNAM, 1968, BY FLAG OF REGISTRY

Month	British		Cyprus		Singapore		Italian		Lebanese		Japanese		Maltese		Somali		Kuwait		Total	
	No.	D.w.t.	No.	D.w.t.	No.	D.w.t.	No.	D.w.t.	No.	D.w.t.	No.	D.w.t.	No.	D.w.t.	No.	D.w.t.	No.	D.w.t.	No.	D.w.t.
January	9	65,650	1	3,100															10	68,750
February	7	44,100	1	3,100															8	47,200
March	10	62,350			1	4,500	1	10,000											12	76,850
April	10	68,550	1	13,500	1	4,500	1	10,200											13	96,750
May	14	101,250	3	19,700							1	3,700							18	124,650
June	12	82,600	2	13,000	1	4,500			1	10,200			1	9,500					17	119,800
July	6	49,500													2	17,500			8	67,000
August	9	69,100	3	15,300															12	84,400
September	11	10,300	1	6,500													1	1,800	14	87,630
October	7	50,900	1	3,100											2	12,600			10	66,600
November	9	56,600	1	3,100	1	4,500									2	11,000			13	75,200
December	10	58,100			1	6,500									3	21,100			14	85,700
Total	114	777,730	14	84,200	6	31,000	1	10,000	2	20,400	1	3,700	1	9,500	9	62,200	1	1,800	149	1,000,530

SURPLUS AGRICULTURAL COMMODITIES

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PICKLE. Mr. Speaker, I am pleased to reintroduce a bill I initially submitted last year to permit the donation of surplus agricultural commodities to certain nonprofit organizations serving American servicemen.

In connection with this bill, which will be referred to the Committee on Agriculture, I am proud to say that I have received favorable reactions to this bill both from the chairman, the gentleman from Texas, BOB POAGE, and the ranking minority member, the gentleman from Oklahoma, PAGE BELCHER.

Also, the gentleman from South Carolina, Chairman MENDEL RIVERS of the Armed Services Committee, and the gentleman from Texas, Chairman OLIN TEAGUE of the Veterans' Affairs Committee, have responded that they feel the bill will greatly benefit our servicemen.

Under the terms of the bill, the organizations to benefit from the measure include such groups as the USO, the Red Cross, and other such agencies as the Department of Defense may select.

But in the larger sense, the real beneficiaries of the bill are the American servicemen all around the world. We owe this to our servicemen.

These organizations daily give our servicemen a place to spend leisure hours, to get oriented in a strange town, to meet friends in a hospitalble and cordial atmosphere. In addition, they provide valuable contact between the serviceman and his family.

One of the greatly appreciated services of these groups is that of providing snacks and meals. As with all volunteer donation groups, however, the budgets under which they must operate is tight, and the dollar otherwise spent on food could go a long way in providing other services.

Unfortunately, present laws dealing with the disposition of surplus foods are not broad enough to include groups providing aid to our servicemen. I feel this bill will improve the lives of our men in uniform, as well as benefit the overall operation of the food program.

Many of the surplus foods not of particular suitability to one of the programs already established could well be used to help the USO, the Red Cross, the Salvation Army and other groups.

I am hopeful, Mr. Speaker, that this move will be endorsed both by the Department of Defense, and the Department of Agriculture, and it is my strong hope that the Congress can move to give this question its closest consideration.

Currently, 16 commodities are being made available through the commodity distribution program. They include, dried beans, butter and margarine, cheese, corn grits, instant potatoes, cornmeal, flour, chopped meat, nonfat dry milk, peanut butter, dried split peas, raisins, shorten-

ing and lard, rolled wheat and oats and rice.

CURRENT ISSUE OF NAVY REPLETE WITH ARTICLES THAT SHOULD BE OF INTEREST TO MEMBERS OF THIS BODY

(Mr. GERALD R. FORD asked and was given permission to extend his remarks at this point in the RECORD and to include an article.)

Mr. GERALD R. FORD. Mr. Speaker, the current issue of Navy, the official magazine of the Navy League of the United States, is replete with articles that should be of interest to Members of this body and particularly to former members of the Navy such as myself. It includes interesting articles concerning the naval careers of our President-elect and his Secretary of Defense designate, the gentleman from Wisconsin (Mr. LAIRD) but I would particularly commend to my colleagues a thought-provoking message from the national president of the Navy League, Mr. Charles F. Duchein, who emphasizes the continuing importance to the United States of a maritime strategy which includes not only naval forces second to none but also a viable merchant marine and a long-range seaward orientation of national policy both for considerations of security and economic prosperity. Mr. Duchein's editorial from the January issue of Navy follows:

STRENGTH, REALISM, AND THE GRAND STRATEGY OF THE OCEANS

(By Charles F. Duchein)

Pausing in silent prayer on December 7 at the National Directors' Meeting in Phoenix, Arizona, in a tribute to those who died 27 years ago at Pearl Harbor, one's thoughts turned naturally to the lessons to be learned from the swiftly moving history of our times.

Though events move with unprecedented rapidity, strategic factors of realism and strength punctuate the progression. Pearl Harbor will remind us forever of the deadly cost of their neglect. Largely ignored by the peace loving American people, the oversight invited the attack.

Today history unfolds daily on the TV screens in our homes. A ring side seat is afforded for everyone to witness the day to day battles of our tension filled world. People are kept abreast of world developments with hour by hour coverage of the constant conflict that attends our times. Perhaps world events move too swiftly, for to this day the strategic dialogue needed in the pre-Pearl Harbor day remains a crucial deficiency.

Those who witnessed what happened at Pearl Harbor share a common conviction that our weakness was the cause of the attack. Unpreparedness made possible the infamy of Pearl Harbor.

War came to America from across the seas, and only when we severed the sea lines of communications to the Japanese islands were the seeds of surrender sown. The "lights came on again all over the world" when the Imperial Japanese Fleet was destroyed and the Japanese isolated from their vital resources by American naval strength. Bombing, both atomic and conventional, was but the frosting on the strategic cake. From start to finish, the strategic constant of the oceans was in the forefront. But the build-up of Japanese maritime might was in evidence long before the carrier launched blitzkrieg. Well in advance of Pearl Harbor, strategic danger signals flew with discernible clarity but they were unheeded then, just as they are today.

Time and time again in subsequent years, we have been reminded that the image of a great power must be backed by substance. A world power cannot be kicked around for very long by small powers and still remain a great power. But have we learned this geo-political lesson? Can we counter the piratical seizure, and the final humiliation, of the PUEBLO with the cruise of the two U.S. destroyers in the Black Sea? Perhaps with the development of a full pattern of maritime strength the image will ultimately be repaired.

GLOBAL STRATEGY NEEDED

Though manifestations of a desire to learn are in evidence, the nation, lacking direction and a purposeful program to preserve the Republic, remains in a strategic doldrums of indecision. How strange! For never in history have the national security processes received such universal attention and study. Never has war gaming been conducted with such great vigor. Yet, to this day, we have failed to develop the strategic doctrine called for by an explosive world. As the New York Times pointed out on December 19th the President must "choose a coherent global strategy."

Happily, with the 1968 presidential election, strategic change can be expected. A change of policy to seaward called for by a platform plank can be the most significant in our century. The new President gives every evidence of grasping the import of this new strategy projection. He proposes to provide for "a Navy second to none"; he intends to "revitalize the merchant marine as a highest priority economic task"; he has called for the ship construction and maritime policy to meet the commitments under the ocean strategy so essential to the national welfare.

The primary purposes and policies of the Navy League are formulated with the focus of one fundamental factor—sustained maritime strength. The mushrooming of Soviet maritime power—and the seaward turn of Kremlin defense policy similar to that observed in pre-Pearl Harbor days, should serve as a warning. It should also serve as a reminder that our strategic strength at sea is slipping—our supremacy is in jeopardy. Nor can this fact be sloughed off with specious superficialities, for reality reminds us of the dynamism of the Soviet build-up. Our preeminence on the oceans of the world is challenged by expanding Soviet maritime power that can wrest our control of the seas, unless this trend is reversed.

LAIRD'S BLUEWATER BLUEPRINT

Secretary of Defense select, Melvin R. Laird, in his discerning "America's Strategy Gap—A House Divided," provides a blueprint for the initiatives needed to retain a position of preeminent world leadership. His selection by the new Commander-in-Chief to be the civilian defense leader is fortuitous, for out of the presidential election of 1968 and beyond Viet Nam, the United States must adopt a new grand strategy that will assure our supremacy for the century ahead. Obviously, the central direction of maritime doctrine and policy is needed to undergird the new ocean strategy, to build the maritime posture for prosperity.

Evident from his statements, his record, his writings, is the fact that the new Secretary of Defense understands the true significance of strength. His constant reminder of the need for strategic initiative bears out this thesis. He unquestionably grasps the factors of leadership that largely have been lacking in what will shortly be his Secretary's office in the Pentagon. He can well be the first Secretary in recent years who performs his task in the context of the defense mission for which his office was created. His expected decentralization of his department—by providing incentives for defense posture through true civilian policy control rather than inhibiting civilian command control in detail—will give the nation a greater measure of security.

Though largely unheeded to date, the lesson of Pearl Harbor is one of strategic realism. The new President's platform contains a promise to implement the ocean strategy. With his selection of a Secretary of Defense who by both experience and instinct understands the implications, both economic and military, of an oceanic overview, he has reinforced the portent of his promises.

We wish both the new Commander-in-Chief and his Deputy for Defense well in the gargantuan responsibilities they now assume. But beyond the ruffles and flourishes of piping a new Commander-in-Chief aboard, the Navy League stands ready, as always, to serve and to support the maritime program needed in the national interest. Committed by policy, purpose and tradition to the national strength at sea, the Navy League encourages the orientation of strategic purposes *seaward* to reinforce the strength, the determination and the will of this great nation—the maritime leader of the free world today, and with vision, for the foreseeable future.

CHAIRMAN PATMAN TO NAME BANKING AND CURRENCY AD HOC SUBCOMMITTEE TO INVESTIGATE SLUM SPECULATORS' RAIDS ON SAVINGS AND LOAN ASSETS AS EXPOSED IN WASHINGTON POST SERIES, "MORTGAGING THE GHETTO"

The SPEAKER. Under a previous order of the House the gentlewoman from Missouri (Mrs. SULLIVAN) is recognized for 10 minutes.

Mrs. SULLIVAN. Mr. Speaker, the Washington Post has once again performed a notable public service in the field of consumer and real estate credit by assigning two able reporters to a comprehensive investigation into mortgage financing practices in slum housing and in inner city housing generally for Negroes in the District of Columbia. The articles, written by Leonard Downie, Jr., and Jim Hoagland, have revealed in encyclopedic detail the manner in which certain federally insured savings and loans, and even some national banks here, had been milked of assets through insider loans, made at inflated values to real estate speculators and promoters preying on poor people desiring to buy homes in the central area of the city of Washington.

I was glad to learn from these articles that the Federal Home Loan Bank Board had been in the process of investigating some of these practices as they involved a now defunct savings and loan company in the Nation's Capital. But until the Washington Post series appeared, I do not think any of us realized the extent of these practices and the threat they pose to public confidence in our thrift institutions, not only in Washington, but throughout the country. The investors who have placed their money in savings accounts in these institutions, the Government which insures those deposits up to $15,000 each, and the whole system of home mortgage financing are entitled to assurance that our national housing policy—intended to open homeownership to lower income families—is not undermined and destroyed by "fast buck" operators interested only in unconscionable profits from rapid turnover of slum property at ever-rising prices.

AD HOC SUBCOMMITTEE TO BE NAMED

Therefore, Mr. Speaker, when these articles began to appear in the Washington Post describing how certain individuals were able to borrow heavily from a few savings and loans, on their own account and in the names of numerous relatives or associations acting as "straws," and overvalued residential properties in the so-called ghetto areas of the city, I immediately took up this matter with the gentleman from Texas, Chairman WRIGHT PATMAN, of the House Committee on Banking and Currency, and asked for an immediate investigation into the facts. Chairman PATMAN has designated me as chairman of an ad hoc subcommittee he intends to appoint to make such a study nationally, and I am sure this step will have the full approval of our committee.

In the meantime, however, I have directed a series of questions to the heads of the four regulatory agencies which have supervisory powers over federally insured or chartered thrift institutions: the Federal Home Loan Bank Board, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and to the Comptroller of the Currency. The letter to the Acting Chairman of the Federal Home Loan Bank Board last Friday, similar to letters which went also to the heads of the other three agencies, was as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C., January 10, 1969.

Hon. ROBERT L. RAND,
Acting Chairman, Federal Home Loan Bank Board, Washington, D.C.

DEAR MR. CHAIRMAN: Congressman Wright Patman, Chairman of the House Committee on Banking and Currency, has appointed me as Chairman of an Ad Hoc Committee to investigate, among other matters, the role of financial institutions in financing housing for low and moderate income people in general, and specifically the role of these institutions in financing housing in inner city areas.

A recent series of articles in the *Washington Post*, of which you are aware, exposed some rather serious abuses in this area. Copies of the articles are enclosed.

It has always been my understanding that an important, if not central, purpose of the legislation creating the home loan bank system and the FSLIC is to permit aggregation of individual and family savings which could be lent at the lowest possible rates for the purchase by individual families of adequate housing. The Congress, in enacting the original legislation and subsequent amendments always intended that federal support of these institutions was in the public interest. The practices of speculators and "con artists" in using funds obtained from the savings and loan in a manner which inflates prices, interest charges, and encourages disrepair makes a mockery of the Congressional purpose and amounts to the unconscionable exploitation of low and moderate income people, most of whom are Negroes or some other minority group.

I also suspect that the kind of chicanery covered by these articles is not limited to the Washington, D.C. area. I have often admired and commended the Federal Home Loan Bank Board in their dedication to fulfilling the purposes of the aforementioned legislation and have always felt that the Board has adequate authority to prevent these situations. Now, I am beginning to wonder whether additional legislation is called for.

In anticipation of investigatory hearings within the very near future on this subject, it would be greatly appreciated if by January 31 you could provide me with some general background material on these abuses, and more specifically provide answers to the following questions:

1. How prevalent in the savings and loan institutions over which the Home Loan Bank Board and/or the FSLIC has jurisdiction are there cases like the actions involving the now defunct Republic Savings and Loan Association?

2. Within the examination and supervisory procedure of the Home Loan Bank Board, what standards are set, and what instructions are given to the examiners to detect such abuses and when discovered what remedial or punitive measures are taken?

3. What are the existing laws or regulations which authorize the Home Loan Bank Board and the FSLIC to prevent these situations from occurring and what are the penalties?

4. Please provide me with a detailed analysis of all instances in the last five years where your examiners have found abuses similar to those uncovered here in Washington.

5. If there is other lack of adequate legal authority to cope with this problem as far as your agency is concerned, what recommendations would you make to prevent these situations from reoccurring?

6. Provide me with a copy of all instructions to your examiners and supervisors which direct them to make inquiry into the books and records of the savings and loan under examination that would determine when situations such as described in the enclosed articles exist.

Sincerely yours,

LEONOR K. SULLIVAN.

PROMPT REPLY FROM ACTING CHAIRMAN RAND

Mr. Speaker, the response from the Acting Chairman of the Home Loan Bank Board, Mr. Robert L. Rand, was immediate. I received the following reply:

FEDERAL HOME LOAN BANK BOARD,
Washington, D.C., January 13, 1969.

Hon. LEONOR K. SULLIVAN,
House of Representatives,
Washington, D.C.

DEAR MRS. SULLIVAN: The Federal Home Loan Bank Board welcomes the decision of the House Committee on Banking and Currency to inquire into the role of financial institutions in financing housing in inner city areas for low and moderate income families. It also welcomes the specific objectives of the Ad Hoc Committee, which you head, to determine (1) the nature and extent of abuses in inner city housing transactions financed by institutions under the supervision of the Board, and (2) whether additional legislation is needed to correct them.

The Board has long been aware of the types of abuses you refer to and has taken steps within its authority to correct them.

With regard to the second objective of your inquiry, Congress did enact legislation in 1966 giving the Board authority to order institutions it supervises to discontinue practices of an unsafe and unsound nature. This new authority has aided the Board's supervisors in correcting such practices as they have come to light in the examination process, and this is an additional reason for making this legislation permanent.

Financial institutions under the jurisdiction of the Board are by far the largest single source of residential mortgage financing in the nation. Continued public confidence in them, both as residential mortgage lenders and as repositories of individuals' savings, is vital to the national commitment to improve the quantity and quality of inner city housing. The vast bulk of industry members conduct their affairs in the public interest and merit this confidence.

It is essential to the industry as well as the public that illegal or unethical practices in housing sales and financing be examined and placed in perspective. The Board is confident that your inquiry will accomplish this objective and is ready to cooperate in any way to assist you in achieving it.

Sincerely,

ROBERT L. RAND.

NO DESIRE TO SENSATIONALIZE PAST MISTAKES

In any investigation undertaken by the committee, it will be my intention not to try to sensationalize or dramatize past mistakes. Instead, I will seek to make sure that the conditions or regulations or omissions which made possible these practices in Washington—and no doubt elsewhere—have been or are being remedied. We must maintain public confidence in the thrift institutions of this Nation, and in order to do that we must make sure at all times that the unscrupulous operators do not have open to them loopholes which encourage them to circumvent good practice and simple honesty.

Several years ago, as the acting head of the Federal Home Loan Bank Board points out in his letter to me, the Committee on Banking and Currency and the Congress enacted legislation to give the supervisory agencies the power to issue cease and desist orders to halt improper activities in institutions over which they have regulatory jurisdiction. We want to find out if this authority is being used with sufficient vigor. If additional legal safeguards are indicated, and can be justified, I will certainly want to seek their adoption.

PREVIOUS OUTSTANDING SERIES COAUTHORED BY LEONARD DOWNIE

As I said, Mr. Speaker, the Washington Post has again performed a notable public service in the consumer credit field through this series of articles. One of the coauthors of this series, Mr. Downie, was coauthor nearly 2 years ago of another series of articles in the same newspaper, with David Jewell, on the home improvement rackets preying on homeowners in the low-income areas of Washington, particularly Negroes. That series provided me, as the principal sponsor of the Consumer Credit Protection Act, with invaluable ammunition in my successful effort to retain jurisdiction in that legislation over first mortgages, after the Senate had unanimously voted to exempt any and all first mortgages from the disclosure requirements of a Federal truth-in-lending law. I had long maintained that because an instrument was a first mortgage it was not necessarily a good and honest mortgage, and the Downie-Jewell series in 1967 certainly documented that fact in the racket-ridden home improvement field in the District of Columbia.

TEXT OF ARTICLES IN WASHINGTON POST "MORTGAGING THE GHETTO" SERIES

Mr. Speaker, because of their importance to the investigation Chairman PATMAN desires to have me undertake as chairman of an ad hoc subcommittee of the House Committee on Banking and Currency, and because of their undoubted application to slum area mortgage practices which have occurred in many cities—not just in Washington—I am including as part of my remarks the complete text of the series of articles by

Mr. Downie and Mr. Hoagland, which began on Sunday, January 5, and ended this morning.

I have not had an opportunity to check any of the facts and statements in these articles, but I am deeply impressed by the tremendous amount of painstaking research which obviously went into their preparation—the culling of literally thousands of official documents and the interviews or attempted interviews with the principals involved or their associates or others knowledgeable about the practices described. So far as I can tell from my reading of the articles without personally checking any of the facts, I believe they reflect extreme care and a determination to be accurate in the best traditions of journalism.

However, I do want to make one cautionary statement based on the impression the articles give, or that might be taken from them, that FHA and the Veterans' Administration, as a general policy, do not insure mortgages for Negroes or that Negroes do not qualify for federally insured mortgages. I think what the authors meant by their references to FHA and the VA is that until 1966, when my amendment was adopted to provide special financing to nonprofit organizations to purchase and rehabilitate older housing and sell it to low-income families at subsidized mortgage rates, such families just could not demonstrate that they had the financial ability to meet the mortgage payments on an FHA-insured loan. They particularly were unable to undertake the heavy financial obligations of taking over badly rundown housing requiring extensive remodeling to make it usable.

As this series of articles establishes, these same people, however, were easy prey for real estate speculators who sold them houses unconscionably overpriced, with a pyramid of mortgages at who-knows-what interest rates, and with no concern over whether the family could meet the payments and hold the property. This practice, in addition to milking the assets of those savings and loans which participated in the scheme, often led to the tragedy of foreclosure, recovery of the property by the speculator or an agent, and its resale again and again to other victims.

The Washington Post articles referred to are as follows:

[From the Washington Post, Sunday, Jan. 5, 1969]

MORTGAGING THE GHETTO—I—SLUM HOMES EXPLOITED BY SPECULATION SYSTEM

(By Leonard Downie Jr. and Jim Hoagland)

A sick savings and loan association in Washington has been merged out of existence because it lent millions of dollars to slum housing speculators, many of whom could not or would not repay the loans.

Within the last six months, the presidents of three area banks have submitted resignations. All three are banks that made a number of loans to slum speculators, and also had to make frequent trips to court to sue the speculators for the money.

Evidence uncovered in a year-long investigation by The Washington Post shows that certain inner-city speculators—with cooperation and financial support from a handful of savings and loans—have charged huge markups to thousands of Negro home buyers, who had no place else to go because they were black.

Some of the city's most active slum landlords have built their empires on dollars poured into some savings and loans by unsuspecting depositors and poured out to the speculator-landlords by the associations' officers.

SYSTEM'S LEGACY

Abandoned, unsalable houses and unfinished apartment buildings now dot Washington's streets. They are the legacy for the Nation's Capital of a system that turned with a vengeance on some of the financial institutions and speculators who fathered it. Some others escaped with large profit.

Republic Savings and Loan is the one merged out of existence. It and other savings and loan associations and banks involved comprise a minority of the financial institutions doing business in the city.

At the same time, however, the savings and loan-speculator system flourished because Negro buyers generally were unable to obtain home loans from or through any sources other than speculators.

The only exception has been Washington's largest savings and loan, Perpetual, which does have a record of making loans to Negro home buyers.

The newspaper's investigation reveals a steady, abundant flow to speculators of tens of millions of dollars in mortgage loans.

Reporters who examined some 15,000 land records, 900 court suits and various other financial records found numerous loan transactions that appear to be illegal under Federal or District law, or in violation of the regulations of the Federal Home Loan Bank Board.

Many others were clearly imprudent transactions for financial institutions, where prudence counts above all.

What made the system work was the ease with which favored speculators could get large numbers of loans from some savings and loans, and the inability of Negroes to get home loans on their own.

Until very recently, most Negroes were unable to qualify for home mortgages insured by the Federal Housing Administration or the Veterans Administration. While the savings and loans, FHA and VA were financing profitable home ownership for whites, Negroes have had almost nobody to turn to but speculators.

The commodity being sold by the speculators, thus, is financing, not just the bricks and mortar of houses. The speculators have filled a vacuum left by other segments of the real estate finance industry in all but the most affluent Negro neighborhoods.

Some speculators—for the trouble of doing this—jacked up the price of thousands of heavily mortgaged houses and sold them at large profit to Negro families.

Often, a speculator would buy a house for $10,000, mortgage it for $10,000, and sell it for $15,000.

The home buyer would be charged a low down payment, often as little as $250 to $1000. The buyer would sign a second, and sometimes a third, mortgage note for the rest of the money owed to the speculator. That became the speculator's profit.

The speculation system has three basic twists:

One, for speculators who buy at one price and then try to sell far higher, it is high credit selling much like the system that permeates much of buying of goods in the ghetto.

SLUM LORDS REIGN

Two, for many of the speculators who hold on to their highly mortgaged rental properties, it is classic slumlordism, charging high rents to cover mortgage payments and skimming off profit without diluting the gravy by repairing adequately the crumbling properties.

Three, for some of those speculators who got high loans to erect new apartment houses, the system evolved into simple arithmetic. Get more money from the loan than you put into construction, and pocket the difference. If necessary, let the lender foreclose on the unfinished building.

Other, more esoteric devices are used, but they are variations of the main theme. Some speculators have, for instance, shuffled building titles and mortgages among themselves, their friends and corporations they controlled, progressively inflating the prices, with the result that they got much higher mortgage loans and sold the buildings at higher, but seemingly reasonable, prices.

The transactions in these cases are not related to the Maryland savings and loan scandal of several years ago.

The investigation by this newspaper has uncovered wide use of questionable practices. Many of them are mentioned in a confidential bank examiner's report obtained by reporters.

DISCREET MERGER

The report, written in the spring of 1967, led to Republic Federal Savings and Loan Association's being discreetly merged in mid-1968—at the insistence of Federal officials—with a healthy association.

The merger came when Federal officials found that Republic had "little likelihood of surviving," unable to get its money back from hundreds of loans made to speculators.

Republic, like many other Washington financial institutions, flourished during the boom days of the real estate market here in the mid-1960's. Real estate, in many ways, is Washington's chief private industry. Dealing in it is how struggling young men have become pillars of the community.

The system, primed by general easy credit policies, and primed by economic buoyancy of the metropolitan area and insolvency of ghetto blacks—was working well then. It was working well, that is, for the speculators.

There seemed to be little disposition at that point, on the part of Federal banking officials, the District of Columbia government or the established financial community here, to tinker with something that appeared to be working so well.

But then came the crash: "tight money." The economy was sailing along too nicely, and the Federal Government raised borrowing rates to try to curtail inflation. Mortgage money started becoming scarce.

SPECULATORS HARD HIT

In Washington, D.C., the squeeze hit many landlord-speculators doubly hard, for the city's new government started moving in on noncompliance with housing codes. You couldn't just sail along any more and leave housing violations unrepaired.

Tight money, the housing code crackdown and other elements came together to topple the paper empires of a number of big speculators.

In addition to merging Republic out of business, they demanded that those other savings and loans that had been dealing extensively with the speculators to curb their questionable practices. They have asked the Justice Department to investigate practices of some of the principals involved.

They have purposely kept these actions from public view to prevent "runs"—mass withdrawals by depositors—on savings and loans and banks involved. Accounts up to $15,000 are insured by the Government.

Since the beginning of 1967, savings and loans associations have foreclosed on nearly $5 million worth of mortgaged properties in Washington's ghettos.

Many of them are the abandoned houses and unfinished apartment buildings mentioned above. When auctioned off, they turned out to be worth far less than the mortgages on them, and have been unsalable.

REPUBLIC LOANS

Many of these buildings were financed by Republic mortgages. Up to $17 million worth of them will wind up in the hands of the Federal Savings and Loan Insurance Corp., a Government agency financed by premiums from the Nation's savings and loans.

The Insurance Corporation agreed to take up to this amount of bad risks off the hands of Home Federal, the healthy association that took over Republic's assets and liabilities.

Republic's rise and fall was only one part of the speculation story in Washington's inner city. The pattern of questionable transactions covers a much broader spectrum.

In the most flagrant transactions uncovered by the newspaper's investigation, some savings and loans frequently provided some speculators with loans that exceeded what they paid for properties. Such mortgages would put the speculators in a position to pocket the excess. Federal regulations limit a mortgage to 80 per cent of a property's value, purchase price being a main determinant of that value.

In any event, such loans enabled speculators to buy thousands of houses and apartment buildings in Negro neighborhoods with little or no cash investment of their own.

Floating along on a stream of borrowed dollars, the speculators could move with the migration of low-income white and Negro families. The speculators were looking for the easy low purchase from somebody who wanted to get out and the easy high sale to somebody who wanted to get in, and who was willing to pay high credit rates for what appeared to be easy terms.

REASON FOR FALL

In this, certain savings and loans put out more money to certain speculators than Federal officials felt was prudent. This concentration to single borrowers, all of whom happened to be speculators or investors, was one of the chief criticisms the examiners made of Republic and was one of the chief reasons for Republic's fall.

The official examination of Republic in 1967 by the Federal Home Loan Bank Board, which regulates the nation's Federally chartered savings and loan associations, showed five speculators as holding about 200 loans. They were:

George Basiliko, who owed more than $1.5 million on more than 100 mortgage loans from Republic. During the past seven years, Basiliko also borrowed nearly $1 million in more than 60 loans from Guardian Federal Savings and Loan Association, and had a large number of loans from Perpetual Building Association in the past.

Burton Dorfman, who formed syndicates of doctors and professional men to buy apartment buildings. Dorfman's syndicates subsequently defaulted on four mortgages to Republic, totaling $1.1 million.

Peter Laganas, who owed $1.4 million to Republic, largely in construction loans on four apartment buildings. One of the buildings was never finished.

Angelina and Dino Formant, sister and brother-in-law of Pete C. Kalavritinos, who was president of Republic. They owed nearly $1 million on 30 mortgages from Republic. Many of these mortgages have since been foreclosed.

The Formants also received nearly 30 loans totaling more than $500,000 from Uptown Federal of Baltimore.

George Kalavritinos, brother of Pete, owed Republic $900,000, mostly on construction loans for apartment buildings.

Other speculators who owed Republic more than $500,000 each at the time of the Bank Board examination were landlord Nathan Habib, John Swagart (Basiliko's brother-in-law) and Hymen Alpert.

OTHER LENDERS

Republic was not the only savings and loan in the District that provided large and frequent loans to speculators during the past decade. Land records show that major slum speculators procured the majority of their most favorable mortgage loans during the past decade from Republic and these others:

Guardian Federal of Silver Spring and the District; Lincoln Federal of Hyattsville and Uptown Federal of Baltimore.

Other savings and loan associations that have provided large amounts of mortgage money for speculators include Jefferson Federal, Enterprise Federal, Franklin Federal and the Perpetual Building Association, all in the District, and Montgomery Federal in Kensington.

All of these (except Perpetual) are chartered by the Federal Government and supervised by the Federal Home Loan Bank Board. Perpetual is locally chartered.

The Federal Government charters savings and loans for the primary purpose of promoting thrift and encouraging economical home ownership by as many people as possible.

This is one of the reasons Home Loan Bank Board officials have been upset by the patterns of savings and loans concentrating loans to speculators. The other is the risk of a savings and loan having too much of its cash tied up in a few borrowers.

SUPPLY OF MONEY

Speculators were able to supplement their supply of borrowed dollars with loans from a few banks in the city and the suburbs.

One bank that made a number of loans to speculators, and then had to scurry to court frequently to get its money back, is Public National Bank. Although it was expected to be merged with D.C. National Bank, a new bid for control of the bank by a group of lawyers was announced today.

Pete Kalavritinos was a director of both Republic Federal and Public National at the same time, as was Russell D. Miller. Miller, a central figure in Washington banking, was also general counsel of both institutions.

Depositions in a bitter court suit involving Public and Miller state that Kalavritinos was able to write about 50 overdrawn checks at Public National.

The three other banks that lent to some large speculators were D.C. National, City Bank and Trust of Alexandria and Old Line National of Rockville. The presidents of the last two have left in the last six months.

The entire system worked like a well-oiled machine for the speculator, until some of the main gears, such as easy money and lax housing code enforcement, failed. Then the gears stripped the machine failed.

"When the speculators were flying high and wide in Washington," says Alvin Snyder, president of Baltimore's Uptown Federal, "everything they touched turned to gold. Now, it's turning to bronze."

[From the Washington Post, Jan. 6, 1969]

MORTGAGING THE GHETTO—II—THE SPECULATORS' PACKAGE EASY TERMS, BIG MARKUPS

(By Leonard Downie, Jr., and Jim Hoagland)

Ghetto speculation often is Negroes' paying mink prices for dyed rabbit houses, because they have no place to get the money except through white speculators.

It is credit buying, and the credit comes high. Month in, month out, the payments have to be made on the first, second or, maybe even third mortgages.

If a home buyer can keep up the payments, frequently there is nothing left over for keeping up the new home.

For many home owners, the price is thought of only in the month-to-month time framework of much of the ghetto.

"I wish I could've gotten just one mortgage, without having to run all over town to make these payments." Mrs. George E. Banks told a reporter.

She was unconcerned that Sol Lehrman had sold her and her husband a house at 764 Harvard st. nw. for $14,500 two months after he paid $9500 for it.

Her only problem with the $4256 second mortgage that Lehrman took as his markup was that she had to make payments at another office.

But Mrs. Banks is a rarity among home owners contacted by reporters of The Washington Post. She knew what the speculator had paid.

Most poor Negro home buyers don't. They don't have a real estate broker to trace the sale history of a property. They don't have the expertise to go through land records to find out what the slum speculator paid, and when.

But even if the home buyer did go through land records, he might have a tough time. Some speculators wait until they have resold a house before they file their purchase deed, which carries the recorded purchase price.

In effect, the prospective black home buyer is merely a plum ripe for the picking.

The slum speculator middle-man system inflates prices on these homes by an average of $5000 (on homes that sell for $10,000 to $20,000).

When it works, the middleman system pits the speculator's expertise and a constant stream of borrowed savings and loan dollars against the home buyer's naivete and inability to get those same dollars.

NO CONTEST

It is no contest.

Most real estate agents do not use the system. And nearly all the speculators selling houses to Negroes claim that they do not either, or at least that they do not misuse it.

But land records indicate clearly that the system abounds in the inner city, with the markups consistent.

Here are six cases, for instance, involving six active speculators:

Sol Lehrman bought the house at 1822 H st. ne. for $10,500. Three months later, he sold it to Archie Hargett, a carpenter, for $15,500.

Murray Levine's secretary, who frequently acts for him as a front (known in the trade as a "straw") bought the house at 1311 Queen st. ne. for $12,000. Seventeen days later, it was sold to Julia B. Murphy for $16,500.

Jeffrey-Martin Co., run by Hymen Alpert and Lawrence Diamond, bought the house at 4619 Kane pl. ne. for $5500 and two years later, sold it to Clifton Butler for $14,500.

Joseph Kalmus paid $17,400 in January, 1966, for the five-bedroom house at 1329 Gallatin st. nw. He sold it five months later to Oscar Webb, a maintenance engineer, for $22,950.

Melvyn Friedman paid $18,500 for the house at 5321 Colorado ave. nw. He sold it to Jackie L. Hunter for $22,950 a month later.

Chris Collier and Co., through an agent, bought the house at 6924 9th st. nw. for $15,570. A year later, Collier sold it to Earl Ashton for $21,950.

NOT EXTRAORDINARY

These six cases are not extraordinary. They fit into the usual pattern of buying and selling houses to black people in Washington.

These six cases also have common elements that are indicative of the whole spectrum of the speculation system. These elements are:

1. The black home buyer pays from $4450 to $9000 more than the slum speculator has paid. Examination by reporters of 15,000 land records shows an average of $4000 to $6000 markup on inner city sales. Most slum speculators maintain that repair costs account for much of the markup.

2. The slum speculator gets the mortgage, for himself or for the purchaser, from a savings and loan association. The home owner has been unable to get the mortgage himself, or did not bother to try.

3. The mortgage the slum speculator has arranged covers or nearly covers all the slum speculator's original investment.

4. The slum speculator has also arranged all details of title search, settlement and mortgage application, according to the home buyers. Most home owners contacted by reporters had no idea what these transactions involved, and were surprised when at settlement they found out the costs.

Julia Murphy, of the second example above, never thought of going to Liberty Loan where she had been paying off a mortgage for nine years, when she needed a new house.

"Mr. Levine arranged it all for me at Enterprise. I didn't go down to make the application."

NEVER BOTHERED

Archie Hargett and Oscar Webb of the first and fourth examples above never bothered going to a savings and loan.

And Melvyn Friedman helped Jackie L. Hunter of the fifth example above, to get a $16,000 mortgage from Jefferson Federal Savings and Loan after the Veterans Administration refused to grant Hunter a loan on the house because it was priced too high.

Earl Ashton, of the sixth example above, who bought his house from Chris Collier and Co., said he was reluctant to go to a savings and loan because he had fallen behind on payments he was making on another home earlier.

"I wish I had tried," Ashton says now. "I didn't because Mr. Collier's agent said they had everything worked out at Guardian."

All of the Negroes cited above fell prey to the system because they, as black people, were outside the generally white-only system for financing home buying.

A group of white and black businessmen, headed by William B. Fitzgerald, who is Negro, presented the Federal Home Loan Bank Board extensive testimony in 1967 to show that Negroes have it tough getting loans here.

They pointed out that not one of the city's then 24 Federally insured associations had an officer, director or even an appraiser who was Negro.

They cited examples upon examples of Negro families having been refused loans, despite impeccable credit records.

Only Perpetual Building Association placed any sizable, number of mortgages in Negro areas, the group said.

The testimony they presented led to a successful bid for their getting a charter for a new, predominantly Negro savings and loan association here.

Even Perpetual was not happy with the testimony presented.

Its president, Thornton W. Owen, sent the Bank Board a list of all 466 loans granted by the city's savings and loans in June and July, 1967, arguing that many of them were in Negro areas.

He offered no further analysis.

LIST CHECKED

Reporters who checked that list against land records found, however, that two of every three of the new mortgages in ghetto areas, granted by associations other than Perpetual went to or through slum speculators, the markup middlemen.

In these loans, for every dollar advanced to home buyers in Negro areas, four more were advanced to or through the slum speculators.

Although savings and loan associations are chartered specifically to promote thrift and economical home buying by the largest possible number of people, The Post's investigation shows a pattern holds of most loans in the inner city going to about half a hundred speculators.

The slum speculators say the savings and loans often prefer to work through them.

As long as a speculator holds a second mortgage, he has a financial interest and often will take the property back—to protect that second trust—if the home owner falls behind on payments.

Slum speculators also are frequently willing to agree to higher interest rates on loans than the average loan-shopper.

These speculators will pay more to "buy" money, since by paying higher interest, they usually can get larger loans to recover money spent from their own pockets to invest in a house.

Then the speculator merely passes on the high mortgage—and higher interest rates—to the home buyer.

"If a speculator goes in and applies for $7000, and they say they'll give him $8000 and charge him . . . more in interest, the speculator will take it," says George Basiliko, the largest single owner of property in Washington's slums.

INTEREST IS IMPOETANT

"Sure, the speculator doesn't pay the interest anyway," says Leonard Collins, Basiliko's lawyer. "He doesn't keep the mortgage."

Interest, of course, can be a make-or-break proposition with a new home owner. It makes up most of his payment on his two or three mortgages for the early years of the loans. Which frequently means that the new ghetto home buyer is so strapped from making payments that he has little or no money left to repair his house.

This in turn creates a market for those unscrupulous home-improvement contractors who make a living off of bilking poor home owners.

They offer to make repairs in return of the home owner's signature on still another mortgage.

Often, court suits show, the amount owed by the home owner on this mortgage will be twice or more the value of the repairs made.

Three officers of one such firm, Custom House Construction Co., were convicted recently of defrauding home owners this way.

Speculator Kalmus acknowledged to a reporter that "as soon as the title goes on record" when a home is sold by a speculator, "everybody and their brother is out at the house trying to sell something, as long as they can get a mortgage."

Then, as the sad story goes, if he falls even further behind on money, he might find someone to "refinance" his debts with a new set of mortgages.

The long succession of misfortune usually separates the poorer home buyer further and further from the day when he will have built appreciable equity in his house.

In case after case, court and land records document, the predicament is the product of a housing deal first made with a slum speculator.

"Don't blacken the speculator," says Leo M. Bernstein, himself a legendary figure in Washington real estate speculation before setting up Guardian Federal Savings and Loan Association. He retired as Guardian's president in 1968 and his son, Richard, became president.

"They did perform in their day a service for the underprivileged," Bernstein told reporters. "Maybe they charged a lot for it, but at least they house people."

CORRAL THE HOUSES

"The speculators gave the people an opportunity to buy houses at small down payments. . . . It was the speculator's business to corral the houses . . . Even if the Negro home buyer had the down payment needed, he still wouldn't have the expertise to get a loan." Which is why they went through the speculator, Bernstein says.

Says Kalmus: "It's the only way a colored person could become a home owner. They couldn't get loans from the savings and loans; they didn't have a big down payment; and they couldn't get FHA or VA financing.

"You'll find that the average colored man, no matter how much education he has, tends to look to the white real estate man like a father. He'll take care of them if they're short."

Kalmus was specifically referring to his practice of advancing $500 to $1000 to a home buyer if the buyer lacked enough cash to cover settlement costs. "I hate to see the deal fall through, so we try to work it out," Kalmus says.

Of course this adds another monthly payment, with interest, to the buyer's outgo.

STICKING POINTS

One of the big sticking points between speculators and their buyers is whether the houses are all they've been represented to be.

Earl Ashton, for instance, who bought the house at 6924 9th st. nw. from Chris Collier, maintains the house wasn't what he'd thought.

"The house was patched up when I moved in. When I first looked at it, it looked pretty good. But then I found all the putty over the cracks in the wall. I was green at this and I got what you might call a bad deal."

Collier disputes this: "We had $4000 worth of work done on the house, and I have the bills to prove it. We had to carry that house for 14 months, and redecorated it several times. But these are old houses. You can't make them new, even though some home owners want you to."

A Washington man named Carrington L. Epps was so enraged with one house that he sued the sellers, Hymen Alpert and Lawrence Diamond after his family had moved into and then out of the house at 4619 Kane pl. ne.

Epps's suit, for return of his deposit on the house, claims that although the sellers had maintained that it was in excellent condition, a dozen violations of the housing code existed, despite the asking price of $13,950. (The slum speculators had paid $5500 for it a month earlier.) Epps moved out before signing mortgage papers.

(This house, by the by, is the same one mentioned in the third example at the top of this story, that sold for $14,500 to Clifton Butler.

(Butler missed payments and so the house was foreclosed on and bought back by mortgage-holder Guardian Federal Savings and Loan. Guardian later sold it to a small investor for $4500.)

Another interesting suit concerning the soundness of a speculation-handled house was against Levine.

Levine has told reporters that "I deal only in better houses. I've passed the stage of being a speculator. When a person buys my house, they don't have to put a nickel into fixing it up."

HOUSE "MISREPRESENTED"

The Joseph F. Duals would disagree. Their suit against Levine maintains that the house at 1412 Geranium st. nw. they bought from him "was misrepresented as custom-built, water-tight, sound and in good repair.

"In fact," the suit said, "the house was in poor repair . . . the roof leaked . . . the plumbing was in a bad state of repair.

"The wallpaper hid cracks and breaks in the plaster beneath it. Water regularly seeped in through these cracks. There were many housing code violations."

This house, by the way, was bought by Levine for $24,000, mortgaged by Enterprise Federal Savings and Loan Association for $24,000, and sold to the Duals for $32,450 three months later.

(Federal Home Loan Bank Board regulations limit mortgage loans to 80 per cent of a property's value, of which purchase price is a main determinant.)

A jury in U.S. District Court awarded the Duals $3,000 in the case. The judge ruled that the couple still had to pay a $3690 mortgage note they had disputed in the deal.

Lawyers for both sides then agreed with the judge to set aside both judgments and settle the case outside court.

Peter T. Stathes, president of Montgomery Federal Savings and Loan, was asked by a reporter why his firm lent $8,000 to Alpert on a house at 503 G st. ne. that Alpert paid $8,000 for in September, 1967.

"Mr. Alpert remodeled that house, inside and out," said Stathes. "He put a new roof on it, new paper and paint, he put new sinks in the kitchen and fixed the floors. We held back $3,000. After we reinspected, and found he had done the work, he got the total $8,000."

That's not the way Paul H. Simmons remembers it. He bought the house from Alpert a month after Alpert's $8000 purchase.

The price to Simmons, a Negro who works as a guard for the General Services Administration, was $13,500.

"He never put a new roof on," Simmons declared angrily to a reporter as he pointed to recent patches in a peeling second-story ceiling. The patching job was paid for by him last month, he said.

Simmons' 3-year-old daughter, Delphia, scampered about the kitchen floors Stathes said were redone.

At one point, the floor nearly gave way in a deeply worn spot. No work had apparently been done on it in years. The only improvement visible was a new kitchen sink unit.

"I'm worse off than I was before, when I was renting," Simmons said. "I can't afford to fix the place up, and Alpert's not responsible any more."

Simmons had been renting the house for $125 a month when Alpert bought it.

Simmons says that Alpert explained he could buy it for only $7 additional a month (the $8000 mortgage, plus a $5922 second mortgage to Alpert) plus a $250 down payment.

Simmons and his wife have two children and should be prime candidates to prove Leo Bernstein's assertion that "a home owner is a much better citizen than a tenant," which is why speculators perform a valued service.

Paul Simmons does not feel his deal worked out quite that way:

"I keep telling my wife that I wish we could move out of this miserable house and neighborhood and find something decent. But it's the damn financing."

FACELESS PEOPLE BEHIND THE SPECULATORS

The money the slum speculator siphons from black ghettos often flows out to the white suburbs. Behind the highly visible speculators stand the faceless people, who buy the financial paper the speculator creates.

The people are as varied as are their motivations for buying second or third mortgages. They are secretaries to Congressmen, dentists, lawyers, other slum speculators. They are sometimes small, one-shot investors; sometimes speculators who make much of their living by buying second mortgages.

They all have one thing in common: they make the system work by supplying the slum speculator with cash. The only contact the home buyer has with them, often, is the monthly mailing of a check.

Even if the checks stop going out, and the second mortage holder takes the house, there are trustees of the note to take care of the details of foreclosing and auctioning off the house.

The system works like this: some slum speculators charge home buyers an average of $5000 for packaging a house and mortgage. The first trust held by the savings and loan is transferred to the home buyer. The slum speculator then tries to get a downpayment from the home buyer to recover the cash he has put into the house, and takes the $5000 markup in a second mortgage, payable to him, usually at 6 per cent interest a year for perhaps seven years.

If the slum speculator is patient, his profit on the deal comes out of the payments on that note over the seven years.

But most cannot afford to be patient. "You need cash right away to start another transaction," one slum speculator told reporters. "You can't afford to hold the second mortgage. You sell it for a discount, anywhere from 25 to 60 per cent." Thus, a $5000 trust may be sold for $2000.

The second mortgage buyer takes the chance that he will be able to get his money over the long-run. On the surface, it would appear that the larger discount he can get, the better the deal is for him.

This is usually not true. If a speculator inflates the price of a house well beyond its true value, the home buyer is likely to be strapped with payments he cannot meet and the second trust buyer will stop getting payments.

Then, if he forecloses, he finds he has to pay off the heavy first mortgage and has a house that he will not be able to sell even for the money he has in it.

That's why, in legal circles, notes that are discounted more than 40 per cent are considered of dubious value. They are hot potatoes the speculator wants to get rid of.

A second mortgage can be doubly dangerous if both the first and second trust payments are not being made.

Under law, the first trust holder has first priority at calling a foreclosure and the first trust holder is liable to foreclose and sell the property at auction with the second trust holder left with nothing.

That is why most second trust holders will pay on the first trust if a home buyer misses payments. This gives the holder of the second trust time to arrange his own foreclosure, and get the house, and then hope to get a good price on a resale that would recoup some of his investment in that second trust.

To get rid of their second trust paper—to make their money—some slum speculators follow a middle course. They "season" a note—that is, they keep it for a year to establish that a home owner can make his payments. Then, with that good record of payment, they shop around to find the highest bidder, and the discount will likely be lower than on an immediate sale.

One possible corruption of the "seasoning system," as described to reporters by a knowledgeable real estate man, is for the slum speculator to falsify his books, making it appear that regular payments have been made although the trust is actually delinquent. The speculator takes a loss for a while, but gets a better price for the trust when he finds an unsuspecting buyer. No specific instances of this practice were uncovered in this investigation.

Whatever the method, the result is the same. The slum speculator creates paper that he trades in for the dollars that will buy the next house that will enable him to create more paper to trade for dollars.

Each time, of course, some of the dollars stay in the slum speculator's pockets or bank accounts.

As long as the black home buyer pours cash in at one end and the white second trust buyer is there at the other, the system flourishes.

[From the Washington Post, Jan. 7, 1969]

MORTGAGING THE GHETTO—III—THE RAPID RISE AND FALL OF A REALTY SPECULATOR

(By Leonard Downie, Jr., and Jim Hoagland)

Roscoe Jones got $30,000 when he sold the house at 1810 Kalorama rd. nw. to Basil Gogos.

Basil Gogos then got $38,000 from Guardian Federal Savings and Loan Association in a mortgage loan on the house, according to land records. Curiously, the same land records show a tax fee based on a $60,000 purchase price by Gogos.

Eight months later, the city condemned the three-story house as uninhabitable. It is now abandoned and boarded up. Where there are no boards, winter wind slashes by ragged edges of broken window panes.

It is a house nobody wants.

"I wouldn't pay $10,000 for the house," Harry Batalin told a reporter. "It was beyond redemption." The house was Batalin's for the asking, if he would agree to pick up Gogos' mortgage payments. He wouldn't.

Abandoned houses carrying high mortgages that make them unsalable are springing up throughout the overcrowded ghettoes of Washington. Like the house at 1810 Kalorama, they are the remnants of an inner-city real estate speculation bubble that has burst.

The bursting was more like an explosion for the 29-year-old Gogos, who in four years had become the owner of half-a-hundred houses and who had bought and quickly resold many others.

"He's out of the business and doesn't want to talk about real estate," callers to Gogos' home are told. Adds former associate Simon F. McHugh Jr., "That's all over. We took a real bath."

McHugh was there at the beginning of the comparatively brief rise of Gogos in real estate, but managed to sidestep the debris of the fall. He got out of inner-city real estate in 1966, before the market collapsed and shortly after he married Victoria McCammon, a tall, attractive secretary to Lyndon B. Johnson.

McHugh doesn't have to get involved anymore with such trivia as clogged drains in slum houses, foreclosures, and tenants breaking windows. He works for the Government now.

Battling the vagaries of Washington real estate with Gogos must be good training for bigger things. President Johnson apparently decided in 1967.

NAMED TO SACB

That was when he plucked McHugh from the real estate world and, after 15 weeks' experience in a $17,500-a-year job in the Small Business Administration, named McHugh to one of the cushiest jobs in Washington—the moribund Subversive Activities Control Board. McHugh has three years more to serve, at $26,000 per.

From this lofty perch, McHugh looks back on his real estate career with less than fondness.

"If I had it to do all over," says McHugh, who has been a guest with his wife at the Johnsons' Texas ranch, "I wouldn't go into real estate in Washington. Dealing with tenants and speculators is not the kind of thing I like to do.

"We were dealing with people buying out in these neighborhoods who didn't have any money. There was no other way for them to get the house. They couldn't go to the FHA (Federal Housing Administration) or the savings and loans.

"But these people have no respect for anything because they never had anything of their own. We couldn't get them to pay rents," and second mortgage notes, he said.

"But I never really was a speculator. I was interested in investment. The real speculators—and this was another reason I wouldn't be in the business today—these guys are not the type you would want to take home to dinner. I wouldn't, anyway. My wife would kick them out of the house."

ROLE OF S. & L.

The story of these real estate days is an important one, however disconcerting it may be to McHugh these days. It is basically the story of Gogos, and it provides one view of

how some savings and loans have helped slum speculators operate.

Gogos tied his borrowing career closely to certain savings and loans. Guardian Federal advanced him at least 34 mortgages, totaling more than half-a-million dollars. Some went through his companies and agents.

(Guardian Federal is one of several savings and loans here that have been warned by Federal examiners to curb loans to speculators. Savings and loans are chartered by the Federal Government to promote thrift and encourage economical homebuying. Concentrating loans to speculators does neither, Federal officials feel.)

For example, Gogos frequently engaged in "straw deals," that is, using someone else's name to buy or sell property. McHugh asserts that he acted as a straw to get loans that really went to Gogos.

Gogos was also involved in the delicate matter of inflating purchase prices to get larger loans, according to a court deposition given by Ralph V. Guglielmi, a former football player.

Guglielmi, who once sold a house to Gogos, testified that Gogos persuaded him to agree to state that the purchase price was higher than Gogos actually paid, so Gogos could get a larger loan.

GOGOS UNREACHABLE

Reporters have been unable to determine what Gogos thinks about all this. Repeated phone messages left at his residence over several months have gone unanswered. During the last call, a man who refused to identify himself yelled, "To hell with you," and slammed down the phone.

It was different in 1961, when McHugh and Gogos graduated from Georgetown University, with lots of ambition, small bankrolls, and the conviction that real estate was the best way to satisfy one and increase the other.

"We were going to get five people to put up $20 each a month for a fund to buy stocks and then real estate. But we couldn't find five people we could trust, so we went ahead with it ourselves," McHugh recalled during an interview in his Board office.

Gogos described the beginning this way in two court depositions:

Toward 1963, he inherited some money and decided to step up his real estate activity, with help from his sister, Georgia, and advice from his father, who was a real estate salesman.

Soon, brokers were calling him ten to 15 times a day, telling him about great houses he should buy. He was looking at 500 houses a year, mostly for speculation. He also perused 50 in a year as possible Gogos homesites.

STUDY IN SPECULATION

One of the houses he looked at in 1963 was 1208 Jefferson st. nw., a case study of speculation here. It is a study of a speculator selling to a black family who had no one else to deal with.

The house was auctioned off after a mortgage foreclosure on July 1, 1963, for $12,700. The purchaser was B. C. Gogos Investments Inc., an enterprise that Gogos once said in a court deposition he owned with his sister and their father, Constantine.

On Aug. 28, McHugh, then working for IBM, bought the property from Gogos Investments for a stated purchase price of $15,950.

McHugh then received $11,000 from Guardian Federal as a mortgage on the house.

The mortgage is 68 per cent of the $15,950 price McHugh said he paid. (Sales prices are important indicators of the market value of a house, and 68 per cent is in line with the 60-to-70-per-cent limit most savings and loans use. And it is well within the 80 per cent maximum generally allowed by Federal regulations.)

The $11,000 mortgage, is, however, 86.7 per cent of the $12,700 Gogos originally paid. And McHugh asserts the property never left Gogos' control—he says he passed it back to Gogos within a month for no payment. Land records confirms this.

"I was a straw on that one. Bill (Gogos' nickname) asked me to do it as a favor. I didn't get any money."

PRACTICE SAID "WIDESPREAD"

McHugh also noted that "using straws" is a widespread practice in Washington, and then added that the basic purpose of straws in cases such as 1208 Jefferson st. was to mask the number of loans that went to one borrower. Federal bank examiners frown on concentrations of loans.

When a savings and loan association is chartered by the Federal Home Loan Bank Board, its every action is subject to audit by the Bank Board and, to retain its charter, it must operate within the Bank Board's regulations.

"The loan goes in in another's name," McHugh said. As a general rule, "the bankers know who is actually getting the loan. But they don't want to see his name come in 35 times, and have all those loans to the same person. This is to protect the savings and loan from the examiners."

He explained that speculators had to keep the loans flowing through their names, or someone else's. When tight money came, a few speculators had too many properties, they had bought but not yet resold, on which they had to make the mortgage payments. The system was to get a new loan to pay off an old one until you could sell some notes or something for cash. But at the end, the new loans weren't coming in" as credit tightened.

McHugh stoutly maintained that many of the savings and loans associations that lend heavily to speculators are well aware of the system.

There are speculators' savings and loans, run by men who were speculators. And there are bankers' savings and loans, run by bankers. If you're a speculator, you want to deal with somebody who knows what the game is about."

The $11,000 mortgage meant that all but $1,750 of Gogos' purchase price of $12,750 was covered. And Gogos already had a purchaser for the house.

SOLD FOR $17,950

He was Clinton Pitts, a stocky man with a touch of grey along his hairline and a pleasantly rumbling voice. The price to Pitts on Oct. 29, 1963, was $17,950. The house's price had jumped almost 50 per cent in four months.

Pitts, a Negro, says he gave Gogos about $1000 down, meaning that Gogos' "exposure" was about $750. "Exposure" is a speculator's term for the amount of cash that a speculator leaves exposed, above the combined down payment and mortgage money, to be collected in a second mortgage.

Pitts says he assumed the $11,000 mortgage, and a new, second mortgage for $6200 to Gogos went on file at the Recorder of Deeds. Pitts said Gogos sold the second trust at once.

During the time he had it, Gogos did no repair work on the house, Pitts asserts. "I know, because I talked to the woman who was here before."

"It wasn't this way when we moved in," he said last month when a reporter paid an unexpected visit to his house.

Pitts had just finished sanding his dining room floor, which gave off a warm brown glow. The house was spotless.

REPAIR LACK CITED

"The neighbors will tell you it was the worst house on the block when we moved in. There were no front doorsteps. I had to build them. There was no hot water. The furnace was no good." Pitts, a correctional officer for the D.C. Government, catalogued other ills of the house in a cost-conscious voice.

"I knew that I was paying more than I should," said Pitts, who was nonetheless surprised when a reporter told him how much Gogos had paid. "But I had to have a house. I had to keep my family together."

And then he told his story, which comes to the nub of the symbiotic relationship between speculator and prospective homeowner. That nub is that the speculator provides the financing that the homebuyer can't get elsewhere. That is the speculator's *raison d'etre*.

"I didn't have much money, and my credit wasn't the best. I had to go through a speculator," Pitts said.

He had bought what he considered a fairly priced house on Somerset Place nw. With the help of a real estate agent, he had obtained a mortgage from Perpetual Building Association, Washington's biggest and the only one that grants many loans directly to Negroes.

"But I had misfortune in the family, fell behind in my payments, and lost the house. Even though I've got a good steady job and take care of all my bills now, I didn't think about going to a savings and loan directly.

"Being able to get the financing through the speculator was as important as being able to get the house. I thought I was getting taken on the price. But what could I do?"

GUGLIELMI DEAL

To Clinton Pitts, Gogos was a necessity.

Ralph Guglielmi, the one-time all-American for Notre Dame and later a quarterback for the Washington Redskins, found Gogos to be a shrewd bargainer.

Now an insurance executive here, Guglielmi purchased 2008 R st. nw. for $55,500 on Feb. 26, 1964, with an eye to selling it for a small profit if he had the chance.

He got that chance in April when Gogos heard about the house. Guglielmi asked $62,500. Gogos offered less, and they compromised on $58,000, according to Guglielmi's deposition in a suit involving a disputed broker's fee on the sale.

At the settlement at District Realty Title Company, the contract was signed for $58,000, but another sheet was signed showing a $69,000 sales price, Guglielmi testified. The D.C. Recordation tax paid reflects a $69,500 price.) The ex-footballer was asked why in his deposition:

His answer:

"Mr. Gogos had called me . . . He said that he was going to put this contract in for $69,500 and I asked him why and he said, 'Well, I am going to try to get as much of a loan as I possibly can.' "

(District law requires buyer and seller to swear under oath to the purchase price and to file the statement. This is to determine recordation taxes. Reporters who asked to see the sworn statements have been told by the Recorder of Deeds, Peter S. Ridley, that they are confidential.

(The public recordation is also important to prospective homeowners who want to determine what has been paid for the house in the past.)

PRICE ACKNOWLEDGED

Gogos, in his deposition in the Guglielmi case, acknowledged that the sales price had actually been $58,000. He got a $45,000 mortgage.

In his deposition, Gogos also gave an indication of why speculators rarely worry about taking on a heavy mortgage. They don't expect to keep it.

"I was looking for . . . upper Northwest type property . . . that I could sell, turn over and take back a second trust on," Gogos said.

Another interesting Gogos transaction came in the case of Marie W. Carroll, a retired widow who once almost sold a house to Gogos. But the deal fell through, and Gogos sued the widow to force her to sell him the house, at 2810 Rhode Island ave. ne., where her sister lived.

They signed a contract on June 13, 1963, for $14,000. But Mrs. Carroll refused to hand

over the deed at the settlement in August, thereby costing him $3950, Gogos alleged in his complaint.

The $3950 is the amount a purchaser Gogos had already found was willing to pay him over the $14,000 Gogos would have to pay, the complaint stated.

The profit would have come in the form of $3950 second trust. "I do not sell properties for cash," Gogos noted in his deposition in the case.

COUNTERCLAIM FILED

Mrs. Carroll's answer said that she would have gone through with the deal in August, but Gogos didn't have the money to pay her at settlement. While waiting for the money to arrive, she discovered that Gogos was a speculator and, as she stated in her counterclaim, he was ". . . ephemeral and nebulous in his dealings."

Mrs. Carroll deduced this from Gogos' conduct between the June contract and the August settlement. She described it this way in her counterclaim:

"He brought carloads of people to the property many times . . . and represented to these prospective purchasers that he owned the property and was offering it for sale . . ."

Gogos also placed a For Sale sign on the property while her sister was still living there, advertised the house in newspapers, and berated her when she protested, according to the counterclaim.

That made him a speculator, one who "enters into contracts for the purchase of real property and attempts to resell the property before . . . he settles with the owner . . ." she alleged.

Gogos denied all the charges in his deposition and said that he was ready to complete the deal. He acknowledged there had been a mixup at the settlement office because Enterprise Savings and Loan had committed to me over the phone a loan," but it had not been confirmed to the title company on time because I was still shopping to get a larger loan."

But he got that ironed out, and got the mortgage from Enterprise that would have made the deal possible, he said.

District Court Judge William B. Jones dismissed Gogos' complaint on Feb. 16, 1966. Mrs. Carroll's counterclaim was denied Feb. 17 by a jury.

The court land records show that Gogos continued turning over properties at a rapid clip through late 1966.

MONEY MARKET TIGHTENS

Then, suddenly tight money came. The flow of savings and loan dollars turned to a trickle and, court records indicate, Gogos' financial condition began wobbling.

He was able to obtain $45,000 in new loan money on 16 houses that were already heavily mortgaged, land and court records show.

He sold the 16 properties to First Mortgage Corp., a firm he had set up earlier. In return for the 16 houses, First Mortgage gave Gogos two notes for $30,000 each. His company now owed him $60,000.

He used the $60,000 debt as collateral to get a $45,000 loan to his company from Harry Batalin of Arlington and Howard Investments of Silver Spring. In effect, he promised Batalin and Paige to pay them the $45,000, or they could foreclose on the 16 properties that were now held by First Mortgage Corp.

That's just what they did when Gogos didn't pay up, the suit states, and at an auction sale, they won the properties—and the $227,000 in existing mortgages on them—for a $12,500 bid.

But they ended up taking title to only 14 of the 16 properties. "The houses were in very poor condition," Batalin told a reporter. "We had to give two of them back to the bank."

Their suit against Gogos alleges Gogos transferred 14 other properties he had owned to his parents to try to hide his assets from his creditors.

CHARGES DENIED

Gogos, in his reply, denied this and claimed that the two had charged him usurious interest on the note.

The suit is still pending in District Court here.

Meanwhile, there are those two houses that Batalin and Howard Paige, who foreclosed on them with Batalin, said were so "poor" they wouldn't keep them.

One of the two is none other than that house at 1810 Kalorama, the one Guardian gave Gogos $38,000 on in a mortgage, and the one that had a $60,000 purchase price, according to the recordation tax paid.

Roscoe Jones, himself no stranger to real estate buying and selling in Washington's slums, remembers selling the house to Gogos.

But he doesn't remember anything about $60,000. "All I got was $30,000," Jones said. A copy of the District Realty Title Company settlement sheet on the transaction states the sales price was $30,000.

A spokesman for Guardian Federal termed the $38,000 mortgage "a mistake." He also acknowledged that Gogos has been behind in the past on mortgage payments, but says that Gogos has resumed payments under pressure from the association. "We will not take a loss on the property," the spokesman said.

Guardian will not take losses on any of the large number of loans it has made to slum speculators, the spokesman asserted. The speculators were required to sign personally for the loans, making them liable to court suits if they defaulted, he said.

The $38,000 loan was partially based, he explained to reporters, on Gogos' promise to remodel and rehabilitate the house, and because it is next door to 1808 Kalorama.

That's a house owned by George Basiliko, one of the largest speculators in Washington. Basiliko paid $45,000 for it and also got a $33,000 Guardian mortgage, according to land records. "Having the two next door to each other improved the security" for the Gogos loan, the Guardian spokesman said.

Basiliko's house was condemned by the city one month after Gogos' house was condemned. It too is now abandoned.

A reporter asked Basiliko what he intended to do with 1808 Kalorama.

"I'd like to bomb it," he replied. "But I'm going to fix it up. I really got taken on that one."

[From the Washington Post, Jan. 8, 1969]

MORTGAGING THE GHETTO—IV—BASILIKO WANTS OUT OF SLUMS

(By Leonard Downie, Jr., and Jim Hoagland)

George Basiliko says he is getting out of the slum business. The little round man who has been the biggest single owner of slum properties in Washington says it wearily, defensively.

His exit is being watched apprehensively by officials of some of Washington's largest savings and loan associations. They have a multi-million dollar stake in how well Basiliko extricates himself.

He sold 108 houses in one deal last week. Another 72 will go in the next 45 days. Last summer, 51 were sold. He is selling them all to a non-profit housing corporation sponsored by the Catholic Archdiocese of Washington.

The Catholic group will pay off mortgage loans on nearly all of these houses. Basiliko got the loans from three local savings and loans: Republic Federal (merged last year into Home Federal), Guardian Federal and Perpetual Building Association.

From 1962 through 1966, Basiliko borrowed more than $3.5 million from these savings and loans. They were essential to his operation.

Since then, tight money has hurt his operation, Basiliko told a reporter during a recent interview. Basiliko requested it be held in the office of his lawyer, Leonard Collins.

Basiliko continued. "With black power and what's going on in the District Building, the business isn't worth it anymore," he said.

"Don't say anything about the District Building, George," Collins said. "Don't say anything about the District Building."

"Yeah, well, business has really gone bad," Basiliko continued. "If it wasn't for the non-profit groups, I would have been looking for a bridge to jump off."

Beneath Basiliko's words lies the important tale of how a slum landlord builds an empire on millions of borrowed dollars, and, when the supply of dollars is cut off, scrambles to get off a very large hook.

It is not the story just of Basiliko, but also of a cluster of smaller slum landlords who have used the system. It is also the story of how the system needles rents upward and causes dilapidated buildings to go unrepaired.

LARGEST LOAN POSSIBLE

Like speculators who buy and sell ghetto houses at high profits, the slum speculator-landlord pulls in the largest loan he can get from savings and loan associations, which are chartered and protected by the Government for the primary purpose of promoting thrift and widespread individual home buying.

If he works it right, the landlord gets a loan large enough to cover or exceed his purchase price. He can roll along, buying houses with little or no money of his own, as long as he keeps the mortgage money flowing in.

The speculator pegs rents he takes in to cover what he must pay out on the mortgages. If he makes as few repairs as possible, most of the rest, if not all, is profit.

Eventually, he hopes to unload the building at a higher price for more profit which is taxed as a capital gain, rather than at higher personal income tax rates. Meanwhile, he is able to deduct depreciation of the building from his income tax.

A tax expert's report to the National Commission on Urban Problems contends that the landlord's tax benefits grow with the size of the mortgage loans he can pull in for his property.

Commission Chairman Paul H. Douglas, the former Senator, also concludes, in the report's forward, that the tax system "not only provides little encouragement for repair (of the slum property), but actually may tend to discourage improvements."

THE SYSTEM WORKS

An examination of more than 15,000 land records, 900 court suits, District housing violation notices and a confidential bank examiner's report shows that the system has worked just that way for several major Washington slum landlords.

This research, which included examination of a 2900-page District Government report on all housing code violations filed from January, 1966, to March, 1967, suggests that there are basically two categories of landlords with large holdings in Washington's ghettos.

One sinks his own cash into buying his properties and generally takes care of needed repairs promptly. The other is less likely to do either.

In Shaw, for example, landlords like the Ruppert family or the Gattis, who have put up substantial downpayments or paid cash for their properties, nearly always repaired code violations within the inspectors deadline (usually 30 days).

The other landlord fraternity is composed of those who depend largely on loans for their purchasing money (thus investing little of their own capital) and who are often slow—reluctant even—to repair their houses.

The 2900-page report on all District landlords, which was prepared by Gerald F.

Daggle, the computer systems officer of the Department of Licenses and Inspections, indicates that the following large borrowers also scored high on the number of violations written, complaints made by tenants and the length of time involved in repairs:

Basiliko, his brother-in-law, John Swagart, Diamond Housing Corporation, Nathan Habib and Melvyn Friedman.

Partial lodge brothers are Sylvan Mazo, who promptly repaired some of his properties, but who had 13 legal actions initiated by L&I against him on others, and Morton Frank and Mort Yadin (who control properties through their companies, N. W. Stewart Inc. and M and M Shops Inc.)

SERIOUS DEFICIENCIES CITED

Frank and Yadin had few outstanding housing code violations against their properties, but the inspectors' reports indicate that the deficiencies not covered by the code in a few of their buildings are serious.

Basiliko, who started his own real estate buying in 1958 after working for his brother, Nick, as a salesman, is by all standards the chief grand high potentate of the speculator fraternity.

It's all a result, Basiliko told a reporter, of his sharp business acumen ("I get a house below market value or I'm not interested in buying it") and a laissez-faire attitude of savings and loan associations during the easy money days of the early and mid-1960s.

"Then, the B & Ls (referring to local savings and loans, once known as building and loans) had to put money out and they put it out. If they came out with a loan of $15,000 on a property you paid $16,000 for, why shouldn't you take it? If there's any fault, it lies with the B & L, not the speculator . . . If they offered it, we took it."

In fact Basiliko took enough from Republic Federal Savings and Loan to provoke stern criticism from bank examiners of the Federal Home Loan Bank Board, which regulates Federally chartered institutions, and which merged Republic out of business last year.

"On March 18, 1966," the confidential bank examiner's report reads, "the total balance of outstanding loans to George Basiliko ($1,427,485) was equal to 100.4 per cent of the association's net worth ($1,422,379).

VIOLATED THE LIMIT

This, the report noted, violated Federal regulations that limit the amount a savings and loan can give to a single borrower. By Feb. 10, 1967, Basiliko's indebtedness to Republic alone had climbed to $1,550,622, which equaled 3.2 per cent of all money Republic then had lent out, the report said.

Basiliko also was able to get large numbers of loans from Guardian Federal and Perpetual during this time. From 1963 through 1968, he received at least 62 loans frm Guardian totaling $989,200, and at least 32 loans from Perpetual for $1,092,950. Basiliko himself says that he has had at least 50 other loans from Perpetual in the past.

Examination of land records shows that many of the Guardian Federal and Republic Federal loans nearly equaled or even exceeded the amount Basiliko originally paid for the property. The Perpetual loans were almost always below 80 per cent of the purchase price.

Federal regulations generally prohibit savings and loans from lending amounts greater than 80 per cent of the appraised value of the property in mortgages on landlord-owned property. It is illegal to lend more intentionally.

The purchase price is one indicator of the property's value, along with rental income and the sales prices of comparable property in the area. A savings and loan uses these indicators in appraising a property for a loan.

A Federal Home Loan Bank Board examiner, in the confidential report on Republic Federal, cited "excessive loans resulting from appraisals in excess of purchase prices" as having an "adverse effect" on the savings and loans' financial strength.

"I always try to buy at a bargain," Basiliko told a reporter. "That's what speculation means. We're willing to take a chance. I buy houses in dire need of repair, and I'm willing to spend a couple of thousand to fix them up. We might borrow more than we pay so we can fix it up."

That, Basiliko said, was why savings and loans gave him many loans that topped purchase prices he paid.

He was then asked about transactions between himself and Kebir Investments, a corporation he heads and says he formed. Two examples were discussed in detail:

2917 Sherman ave. nw. Basiliko bought it in August, 1965, for $11,000, sold it immediately to Kebir for $14,000 and then bought it back two years later for $11,000. After Kebir paid $14,000, Guardian advanced a $10,500 loan.

825 Euclid st. nw. The pattern was the same. Basiliko paid $7,050 in October, 1965, sold it to Kebir for $10,000 and bought it back for $7,800 in September, 1967. Guardian gave Kebir a $7,300 mortgage after the $10,000 deal.

District law prohibits simulated sales "executed for the purpose and with the intent of misleading others as to the value" of property.

Federal banking regulations also prohibit the use of simulated or "straw" sales to inflate purchase prices for leverages in getting more than 80 per cent of market value in mortgages from savings and loans.

Basiliko said that Kebir had been set up as a holding corporation for some of his properties and that the paper deals were "for a tax reason. We were trying to work out some gimmick. But it didn't work, and we shifted them back later."

He explained that the price he paid his company, Kebir, "would include the cost of repairs. We wanted to get a more accurate picture of the true value on the record."

By the time he repurchased the houses, the inner-city housing market was declining, he said, and the sales prices reflected this decline. Funds were actually transferred in both deals, he said.

UNAWARE OF PRICE

A spokesman for Guardian Federal said the association's loan officers were unaware of what price Basiliko originally paid for the two properties. He said they were told then only about the higher prices Kebir paid Basiliko.

The spokesman added that Basiliko was charged a cash fee for the approval of the loans to Kebir. The percentage fee, known as "points" in the trade, was $210 for the Sherman Avenue property and $146 for the one on Euclid Street.

Such fees were charged Basiliko and other speculators often "whenever there was a worry about the size of the loan," the spokesman said.

The Federal Home Loan Bank Board has ordered Guardian Federal to stop the practice of charging points on a loan based on an appraisal exceeding the price a speculator pays for a property.

Basiliko was also asked about another Guardian loan he received, this one on 804 K st. ne.

The building was purchased by Basiliko's secretary, Betty Gates, in December, 1963, for $8000. She immediately sold it to her boss for $10,250, and he got a $7500 loan from Guardian.

Basiliko said that Mrs. Gates was acting as his "straw" (that is, he used her name for a purchase he actually made), but does not remember why he asked her to do so. Again, repairs were made and the price rise reflected this, the landlord said.

He emphasized that "I damn seldom use a straw. I always put my name down and stood behind it. That was a big mistake I made."

Court documents show that besides Mrs. Gates, Basiliko has used another employe, Holton Wolfe, and a District fireman, Arnold Graves, as straws.

"When I did use a straw, maybe I didn't want people to know that I was buying. They would say, 'Basiliko's buying it, so it must be worth more.' That's one reason. Or maybe I was trying to assemble packages of property," he said.

Diamond Housing Corporation, landlord to hundreds of ghetto residents, also makes extensive use of straws to purchase property, which is then deeded to Diamond. Diamond's president, David G. Kirsch, explained to a reporter:

"Other people's names are used at the time the loaning agency comes into the picture. In some cases, the corporation is loaned up at the bank or the savings and loan.

So you use somebody else's name. It's like having a charge account at Hecht's that is at its limits. You send somebody else down there to buy something on their account and you pay them."

Other interviews with slum speculators and examination of land records indicates that this practice is a common one in Washington.

It also is one that is frowned on by the Federal Home Loan Bank Board, because it subverts the limits placed on the amount a savings and loan can lend to one borrower.

These limitations are placed, Board officials say, because savings and loans by their nature should diversify loans and because "putting too many eggs in one basket" puts the savings and loan in danger of the basket breaks.

Diamond's loans—many of which went through Meyer Levine, a former Diamond employe, and Anne Furasch, Kirsch's sister—came most frequently from Franklin Federal between 1963 and 1966.

Jerry D. Whitlock, executive vice president of Franklin, said the loans were made before he took over the association and he could not explain the concentration of loans.

"We haven't made any loans to Diamond for at least two years," Whitlock said. "We aren't lending to anybody, speculators or otherwise. We haven't made a loan in the last 14 months. We ran out of loan money.

Whitlock added that loans to speculators did not play a part in the financial squeeze now on Franklin Federal.

For landlords Sylvan Mazo and Melvyn Friedman, a primary source of loan money was Guardian.

It was not unusual for Mazo to buy a property such as 140 Uhland ter, ne. for $8500 and get a $8500 loan from Guardian. "I put an awful lot of work into the properties," Mazo told a reporter. "I made improvements." He declined to comment further.

And Friedman, who could not be reached for comment, bought 2223 1st st. nw. for $8750 and get a $10,000 loan from Guardian.

In each case, the association charged both men two percentage points of the loan to provide some protection, according to a spokesman for Guardian. This is one of the practices that the Home Loan Bank Board has ordered Guardian to stop.

Landlords Morton Frank, Nathan Habib and John Swagart borrowed heavily from Republic. Many of their loans hovered near or floated past 80 per cent of the purchase price.

On Feb. 10, 1967, Habib had 60 loans from Republic for a half million dollars. Frank's 30 loans totaled slightly more, and Swagart had 53 for $730,920.

These figures come from the bank examiners' report that preceded the merging of Republic out of business. The examiners were interested in these landlords because they were among the 40 borrowers who held $21,850,556 of Republic's money on that day.

The major recipient of Republic's largesse, was, of course, George Basiliko. And what happened in Basiliko's case is a good example of why bank examiners get upset about concentration of loans.

It also is a good example of the close relationship between mortgage payments and rents.

On Nov. 8, 1967, Republic agreed to let Basiliko suspend repayment of the principal he had borrowed (in 117 loans) for two years. In a modification agreement, Basiliko agreed to a slight interest rise on some loans in return for having only to pay interest.

This meant that Basiliko's monthly payments would be shaved sharply. Republic officials felt that it was the best way they could get their money back.

A spokesman for Guardian Federal told reporters that Basiliko had also fallen behind on payments on the mortgages he owned there. The spokesman said it was expected, however, that Basiliko would sell most, if not all, of his Guardian-mortgaged properties to the Urban Rehabilitation Corporation.

Thornton Owen, president of Perpetual Building Association said that there were no problems with Basiliko's mortgages there. He declined to discuss PBA's loans to Basiliko further.

Basiliko told a reporter that the agreement with Republic was made because his rental incomes were dropping and operating expenses were rising squeezing his income.

"WAITING AND PRAYING"

He was revising the mortgage payment schedule, he said, to match it to rents "while I was waiting and praying that I could work out something.

"You wouldn't believe the tenant vandalism and destruction that I've had to pay for. And the riots have ruined business. It's the condition of the times."

This is, of course, a standard slum landlord complaint: tenants tear up buildings, so it is no use to make repairs, or, if repairs are made, they are immediately destroyed. The speculator-landlord is just the fall guy.

To be sure, there is truth in this in many cases. There is evidence, however, that tenants will not damage a building that is well maintained.

Consider the case of the apartment building development at 23rd Street and Savannah Terrace se.

The buildings were constructed in 1948 and 1949 by a company headed by Leo and Norman Bernstein. In January, 1966, they were sold for $616,000 to the Terrace Limited Partnership, a syndicate of doctors and other professional men formed by speculator Burton Dorfman.

Dorfman, who was given full authority to mortgage and manage the apartment buildings by the syndicate agreement, obtained $772,500 in mortgage loans from Republic Federal of the District and Uptown Federal Savings and Loan of Baltimore.

The deal became a financial disaster. The syndicate fell far behind on the payments due on the big mortgages. Both savings and loans foreclosed and the buildings were put up for auction.

Nobody would buy the 11 buildings with the Republic Federal mortgages, which totaled $570,500. They were picked up by the Federal Savings and Loan Insurance Corporation, a Government agency that had agreed to take up to $17 million worth of Republic mortgages.

When the Insurance Corporation became "proud owner" of 75 apartments in 11 buildings at Savannah Terrace, they were badly deteriorated and vandalized. Only 10 apartments were occupied.

OPERATION SHAPE-UP

At this point, the Waggaman-Brawner management firm was brought in, in the person of resident manager Louis Kinard, to shape up the complex while a buyer was sought. Kinard arrived in the twilight of the Dorfman regime, in March, 1967.

"The place was broken down badly," Kinard recalled. "In 16 apartments, there were no windows, no doors, no toilets and no flooring.

"All kinds of trash—beds, mattresses, old appliances, garbage—was everywhere. The TV people came out and took films of the filth when we began to clean it out.

"The ten families still living here were using stoves for heat.

"No money was going into the place. We didn't even get paid at first."

Now, Kinard said, the Federal agency is pumping money into the 23d and Savannah complex faster than he ever believed possible.

"We couldn't get money for rakes before," he said. "Now, we get whole buildings completely repaired and redecorated."

Like others that reporters saw, Kinard's own apartment is in excellent condition, with fresh paint over solid walls and ceilings. The floors shine.

"When I came," Kinard said, "there was a radiator in the middle of the living floor and there were no ceilings in the bathroom or kitchen."

As the buildings were rehabilitated, Kinard began renting them out—at lower rents than were charged before ($75 for one-bedroom apartments and $110 for two-bedroom units now, compared with $95 and $120 before, according to Kinard).

Fifty tenants live in the complex now. And there is a long waiting list for the apartments now being renovated.

Most important to Kinard, however, is that "there has been absolutely no damage done, no tenant vandalism" since he took over.

"The people just appreciate the place," he said. "They are coming here from high-rise buildings where they paid high rents but got no maintenance. And nobody wants to spoil it here."

[From the Washington Post, Jan. 9, 1969]

MORTGAGING THE GHETTO—V—A GAME WITH REAL BUILDINGS

(By Leonard Downie, Jr. and Jim Hoagland)

Walk into the five-story old red brick apartment building at 2025 Fendall st. se, and go to the manager's office in the basement, where Eulanders Taylor is. He often wears Army fatigues, a brown leather jacket and a cowboy hat.

Ask who owns the apartment building and Taylor says that it is all his, at least right now.

He has not paid a penny for it. He has no deed. He is making no payments on the $262,000 mortgage owed on the building.

Taylor just happened to be the first person to come along and clean out the abandoned building, make some repairs and put it back on its feet again.

"I live nearby," says Taylor, who was discharged a year ago after 21 years' Army service and now makes a living doing remodeling work.

"I walked by it every day. It was a mess, with all the windows broken out and trash everywhere. The fire department wanted to board it up. If I hadn't come in here, it would have been condemned."

Taylor has been allowed to keep control of the building so far because nobody else wants to own it. And the building has been available, no money down, to anyone who merely agrees to make the payments on its mortgage.

The only catch is that the rental income will not cover the mortgage payments and other ordinary expenses, such as maintenance.

One experienced real estate investor who was offered the building has estimated that if it were fully rented to ideal tenants and expertly managed, it would still lose at least $4000 a year because of the big mortgage.

But it appears that the building was once a profitable investment for slum real estate speculator Burton G. Dorfman.

Land records show that Dorfman bought the apartment house in April, 1965, for $250,000. That same day, he immediately got back most of that money in a $247,500 mortgage loan from Republic Federal Savings and Loan.

Then, in November, 1966, Dorfman formed a syndicate of doctors and professional men and sold the building for $274,966—nearly $25,000 more than what he originally paid.

The syndicate was unable to meet the payments on the big mortgage. Its members lost the money they invested when Republic Federal foreclosed.

Republic Federal also was unable to get back the money it loaned to Dorfman. At the foreclosure auction, nobody was willing to buy the building and pay the mortgage loan.

MORTGAGE NOW $262,000

The Federal agency that has guaranteed to assume Republic Federal's losses in its forced merger with a healthy savings and loan, is looking for someone willing to make payments on the big mortgage—which has now grown to $262,000, including accumulated interest due.

When Eulanders Taylor came along, he found just six families living in the neglected, vandalized, 33-unit building.

"All the iceboxes, stoves, telephones, doorknobs and a lot of the doors were gone." Taylor says. "I had to replace 356 windows. I hauled nine truckloads of trash out of the building."

Most of the elements in the story of 2025 Fendall st. se. have appeared in scores of other transactions that reporters of The Washington Post have found involving buildings in Negro neighborhoods:

A speculator who makes a big markup in buying mortgaging and selling an aging apartment building.

A savings and loan willing to give the speculator a mortgage loan big enough to cover his original investment and make the building available to a buyer for a relatively low cash down payment.

An often unsuspecting buyer lured by the small initial cash investment necessary into taking on a building so heavily mortgaged that he cannot make the mortgage payments and pay for maintenance out of the rents he collects.

An already deteriorating building that often winds up in much worse shape as repairs go unmade, or is put on the auction block and sometimes abandoned when the big mortgage goes unpaid.

FEDERAL REGULATIONS CITED

A mortgage loan made by a Federally chartered savings and loan is generally in violation of Federal regulations when it exceeds 80 percent or more of the true value of the apartment building. In many of the cases reviewed by The Washington Post, the loans often equalled or exceeded the purchase prices.

Often, the value of a building is distorted when the speculator succeeds in using the mortgage as bait to sell the building at an inflated price. But when the mortgage goes unpaid and nobody wants to pick up the auctioned building, it becomes apparent that the building actually is worth less than the amount of money loaned on it by the savings and loan.

In some cases, the person sold the building by the speculator is not an unsuspecting buyer at all, but another speculator who is not even concerned about making the payments on the big mortgage.

He just collects rents and pays little or nothing out for repairs or mortgage payments, until either the mortgage is foreclosed (which costs him nothing since he had no cash on the line) or he succeeds in peddling the building to still another speculator.

PASSED LIKE PAPER

The Washington Post's investigation found no speculators in this category being sued, even though the speculators in most cases remained liable for repaying the loan.

In the speculators' trade, collecting rents

and not making payments or repairs is known as "milking" the property. Some heavily mortgaged buildings are passed from speculator to speculator several times, for little or no cash payment, like negotiable paper.

In some cases, the speculators do not even take title to the building in their own names. They set up secretaries or other people as "straw" owners or buy only a contract to purchase the building rather than a deed.

Thus housing inspectors often have difficulty tracking down owners of deteriorating buildings. You can't serve notice of a law violation on an owner when you can't determine who the owner is.

All of the elements of this "now you see it, now you don't" shell game, played with real buildings in Washington's black ghettos, is found in land records dealing with a three-story apartment building at 1320 Harvard Street nw.

The half-century-old building was bought in 1962 by David Resnick, a local bail bondsman and real estate investor, for $61,500. He obtained a $40,000 mortgage loan from Perpetual Building Association on the building.

Two years later, Resnick sold the building to Jeffrey Martin Investments Inc. for $68,000. Slum real estate speculators Hymen Alpert and Leonard Diamond, own Jeffrey Martin (Jeffrey is the first name of Diamond's son and Martin is the first name of Alpert's son, according to a court deposition of Diamond's).

MORTGAGE LOAN $75,000

Alpert and Diamond procured a $75,000 mortgage loan on the apartment building from Lincoln Federal Savings and Loan of Hyattsville. This loan money they received amounted to $7000 more than they paid and $35,000 more than Perpetual Building Association (paid off by the new mortgage) loaned on the same building two years earlier.

A few months later, Diamond and Alpert sold 1320 Harvard to Clarence and Margaret Baker. The price was $115,000, but the Bakers put up only $10,000 cash. To cover the rest, they agreed to make the payments on the $75,000 Lincoln Federal loan and then signed a second mortgage to Jeffrey Martin Investments for the $30,000 balance.

A year and a half later, the Bakers had fallen far behind on the mortgage payments and the apartment building was foreclosed and auctioned for just $77,000 to a Ben Hersh.

Baker, who had invested in real estate before, had died in the interim. Mrs. Baker and her attorney for Baker's estate, Charles B. E. Freeman, told a reporter that the building's rental income did not cover maintenance expenses and mortgage payments.

The apartment building next went to speculator William Whitted, who bought it from Hersh in the name of a "straw," Barbara E. Smith, for a recorded price of $86,000. But Whitted made no substantial cash down payment. He agreed to make payments on the Lincoln Federal mortgage ($72,000 was now owed) and signed a $14,000 second mortgage to Hersh for the balance.

Last March, Whitted was sentenced to ten days in jail by a Court of General Sessions judge when tenants at 1320 Harvard went through two months of the winter without heat, hot water or electricity. He has appealed the conviction.

In court, Whitted said that he had sold a contract to buy the building to a Floyd Patterson. It was Patterson, Whitted said, who had failed to pay utility bills, and mortgage payments totaling $5900. The deed was still in Barbara Smith's name, however. Reporters have been unable to contact Whitted or Patterson for comment.

NOBODY ELSE BID

Finally, last summer, Lincoln Federal foreclosed on its mortgage on 1320 Harvard, which was months behind in payments. Nobody else bid for the apartment building with $69,000 of the Lincoln mortgage still owed on it, and Lincoln took over the building itself.

Leonard Snyder, Lincoln Federal's chairman, said the savings and loan is currently stuck with the building and its still unpaid mortgage because 1320 Harvard is "in the section of Washington that is being raped."

"We made a mistake, true," Snyder told a reporter. "But how could we be expected to know what would happen there, with the riots and everything."

Snyder said that he did not know how much Diamond and Alpert had paid for 1320 Harvard ($68,000) when Lincoln Federal made the $75,000 mortgage loan to them.

"We were presented a contract," Snyder said, "for a transaction at a sales price of $115,000" (what Recordation Tax Records show the Bakers paid for the building five months after the loan was made.)

Diamond told a reporter that he and Alpert spent several thousand dollars repairing the building and expanding it from 15 to 20 units. He said the Lincoln Federal loan financed this work.

Diamond also blamed conditions in the inner city for the fact that 1320 Harvard wound up in Lincoln Federal's hands with the mortgage unpaid.

In another transaction, land records show, Diamond and Alpert bought a house at 4406 Lee st. ne. in 1965 in the name of Jeffrey Martin Investments for $4800. They then put the property in the name of another company they own, L and H Mortgage Funding Inc. (the initials of their first names), and got $7250 in mortgage loan money on the building from Guardian Federal Savings and Loan.

They collected rent from tenants of the house for a time and then sold it to a woman who states she was acting as a straw party for William Whitted. The building remained in Whitted's control for just six months befor Guardian Federal was forced to foreclose because the mortgage payments had fallen far behind.

Nobody else bid for the building at the auction and Guardian Federal was forced to buy it itself for $4000. This meant that the savings and loan faced a possible loss of at least $3000 on the money it loaned Diamond and Alpert.

But Guardian had required Alpert and Diamond to sign personally for the original loan and was ready to sue them for any loss that might occur, a Guardian spokesman said later. The two speculators bought the building back from Guardian for $7600 and got a new mortgage loan from Guardian for $6000.

Although a loss was averted for the savings and loan in this case, it was still warned by the Federal Home Loan Bank Board to stop making this kind of loan, the Guardian spokesman said.

If Diamond and Alpert had gone bankrupt, for instance, it would have done the savings and loan little good to threaten to sue them. The savings and loan would then have to rely only on the mortgaged house as security for the loan and would have lost much of the money loaned.

This is why, Bank Board officials have explained to reporters, that Federal regulations generally require that savings and loans lend only up to 80 per cent of the value of a building in these cases. Then, even if the property deteriorates, the savings and loan can expect to get its money back if it has to auction the property in the event of a foreclosure.

Land records reveal two dozen more cases in which Diamond and Alpert received mortgage loans from Guardian Federal and Republic Federal Savings and Loan for amounts equal to or greater than what they had just paid for properties.

In each case, Diamond says he and Alpert spent money of their own to repair and redecorate the buildings before selling them to other speculators or small investors at substantially higher prices than Diamond and Alpert originally paid.

HAD SEVEN CORPORATIONS

Land records show that similar transactions being carried out by two speculators, Ervin Unger and Herman Rosenfield, who were officers of at least seven corporations housed in a small basement office at 1000 Vermont ave. nw.

These corporations bought slum houses and buildings, and switched them from one corporation to another, at progressively higher prices. They then got mortgage loan money in amounts larger than what they had just paid for the properties. And they then passed the buildings, and the big mortgages owed on them along to somebody else.

Among the corporations involved are Colleen Inc., Kansas Investment Corp., Jaffar Investment Corp., National Homes Mortgage Corp., Parliament Investors Inc., General Properties Investment Corp. and the Fairlawn Mortgage and Investment Corp.

All were located in the basement office of 1000 Vermont at one time or another. District records show that all had among their principal officers Ervin Unger, or his wife, or Herman Rosenfield, or his wife, or various combinations of the four of them.

In one transaction, land records show, National Home Mortgage (Herman Rosenfield, president and treasurer; Irene Rosenfield, his wife, secretary) bought a house at 903 C st. nw. for $7975.

A month later, the property was transferred to Parliament Investors (Herman Rosenfield president; Ervin Unger, secretary) for a publicly recorded price of $13,950.

On the same day, Parliament got $8500 in mortgage loan money from Republic Federal Savings and Loan. This is $500 more than the amount National Home paid for the property, but appears to be far less than the "value" of the property reflected by the sale to Parliament.

On another occasion, land records show, Fairlawn paid $6800 for a house at 700 19th st. ne., transferred it immediately to Jaffar for a publicly stated price of $11,750. Jaffar immediately gathered in $7200 in mortgage loan money from Republic Federal.

And on still another occasion, Colleen bought a house at 1314 R st. nw. for $11,700, transferred it right away to Jaffar for a public stated price of $16,500. Jaffar immediately took in $12,000 in mortgage loan money from Republic Federal.

The general counsel for the Federal Home Loan Bank Board has ruled that generally it is a violation of Federal law to artificially inflate the price of a piece of property and then put the inflated price down on a loan application in order to get too large a mortgage loan from a savings and loan association.

"WE ALL LOST," SAYS SPECULATOR'S BACKER

Dr. Arthur J. Wilets, of Chevy Chase, met Burton J. Dorfman, a Washington real estate speculator, at a party a few years back.

Wilets and some of his friends told reporters that Dorfman persuaded them to invest in some apartment buildings in inner city Negro neighborhoods. Dorfman formed partnerships of the doctors and businessmen to buy and manage buildings.

"We went into a smaller one first," Wilets told a reporter, "and it paid off nicely. When more came up, we decided to go into them, too.

"And we lost money on them."

"I lost money, all right," said Dr. Herbert H. Diamond of Silver Spring.

"Sure, we all lost," said Joseph Orgel, a wholesale jeweler who lives in Silver Spring.

Dorfman has refused to talk to reporters about the partnerships he formed to buy the apartment buildings at 2025 Fendell st. se., 23d and Savannah Streets, se., 1941 Naylor rd. se. and 1401 Fairmont st. nw.

Dorfman and the businessmen were part-

ners in these syndicates. The businessmen put up a total of $256,000 to buy these buildings. Dorfman contributed no money to three of the partnerships and $3000 to a fourth, according to records filed with the Recorder of Deeds.

Dorfman was, however, the only general partner in these ventures, and was personally liable for claims against the partnerships. He also had the sole authority to make management decisions.

In each case, Dorfman obtained so large a mortgage loan on each property from a saving and loan that the rental incomes apparently did not cover the mortgage payments and maintenance costs.

One savings and loan, Republic Federal, foreclosed on the mortgages in three of the deals. When the buildings were put up for auction, nobody (since the mortgages were so high), bid for them and Republic Federal wound up owning the buildings.

All of the members of Dorfman's partnerships interviewed by reporters said they did not know about any of the details of the mortgaging or management of the buildings.

"It is difficult for any of us to tell what happened." Dr. Wilets said: "Evidently, the mortgages were very high . . . a very tight squeeze. The break-even point for the buildings was then very high. And apparently the cost of running them went up, too high."

[From the Washington Post, Jan. 10, 1969]

MORTGAGING THE GHETTO—VI—BUILDER-SPECULATORS ALSO USED SYSTEM

(By Leonard Downing, Jr., and Jim Hoagland)

Paul G. Washington Jr. sat in the den of his new two-story home in North Portal Estates and remembered that he had "always tended to trust people."

He was trusting when he signed the contract to pay $55,000 for the white brick house at 1943 Tulip st. nw. as soon as construction was complete.

Washington and his wife, Jeanette, had spent two years looking for a comfortable new home in a quiet neighborhood like North Portal Estates (located just east of Rock Creek Park and south of the District line) where Negroes would be welcome in a pleasant integrated area.

The Washingtons were still trusting when they gave in to the builder's urgings and went to settlement a month later, even though the house was still not finished. They signed and began payments to Republic Federal Savings and Loan, which was financing construction.

Both the builder, Pearl G. Kelly, and the president of Republic Federal, Pete C. Kalavritinos, personally promised the house "would be finished soon," according to a court complaint the Washingtons later filed against Kelly, Kalavritinos and Republic.

But no more work was done, the Washingtons said in the suit.

In the end, they wound up paying $58,000, plus another $2,000 in settlement costs, for an unfinished house. And, so far, they have spent $1,500 more on materials, with the Washingtons supplying the labor, trying to complete the house themselves, their court complaint says.

An identical designed house next door to the Washingtons at 1939 Tulip st. nw. is still unfinished and unoccupied. It, too, was started more than three years ago by Mrs. Kelly, a local real estate speculator, with a construction loan from Republic Federal.

But by the time Mrs. Kelly had collected from Republic $81,700 of the construction money earmarked for the two houses, the value of the work done was only $65,000, according to a confidential Federal Home Loan Bank Board examiner's report.

Savings and loans are supposed to pay out construction money only as the building is completed, in accordance with a schedule set forth in the loan agreement.

The savings and loan may not be able to get back all the money it lent if the building is never finished and must be foreclosed on.

ABANDONED TO VANDALS

This is what happened with the house at 1939 Tulip, next door to the Washingtons. Abandoned amid weeds in a sea of mud and wide open to the elements and vandals, it is missing a garage door, windows, trim and fixtures.

When Republic foreclosed on the construction loan and put the house up for auction, nobody bid for the house and the big construction debt owed on it. Republic wound up with the house. A buyer is still being sought.

But Republic got out from the overdrawn construction loan on 1943 Tulip when the Washingtons signed the papers to buy it and pay a new $45,000 mortgage on it owed to Republic. The savings and loan also received $535, listed as loan and appraisal fees, in cash out of the settlement costs paid by the Washingtons.

All of this may have accounted for the concern Republic president Pete Kalavritinos showed for the Washingtons' worries about their unfinished house, and their reluctance at times to go through with the deal.

"Imagine, the president of a big savings and loan himself," Mrs. Washington remembers, "first calling up on the telephone and then coming out personally to tell us that everything would be completed to our satisfaction.

"For a while I was on cloud nine," said Mrs. Washington, who is a reading specialist for the District of Columbia schools.

DEFECTS ABOUND

But the Washingtons were left facing a continually flooded basement, clogged plumbing (clogged by nails and a metal chain, among other debris), unfinished floors, defective appliances, missing fixtures and insulation insufficient to meet electric company standards for all-electric home rate discounts.

For three months before they could make the house habitable, the Washingtons had to rent an apartment, while also making mortgage and utility payments on the new house, according to their court complaint.

Reporters have been unable to reach Mrs. Kelly or Kalavritinos for comment on the Tulip Street houses. Both have been found in default by the U.S. District Court for failure to answer the Washington's suit.

Pearl Kelly, a middle-aged woman who lives in an apartment in the plush 12-story Hampshire Towers on New Hampshire Avenue in Langley Park, dealt primarily in the buying, mortgaging and selling of old inner-city buildings before getting construction loans from Republic.

PRODUCTS OF BOOM

Several other slum speculators also succeeded in getting construction loans from Republic during the construction boom, which ended in Washington two years ago. Overdrawn loans, unfinished buildings and foreclosures have been the products of several of these loans.

One is an abandoned, weather-beaten shell of what was planned as a three-story apartment building in the 800 block of Jefferson Street nw. It is all that is left of a $90,000 construction loan made by Republic to Angelina and Dino Formant.

A secret Bank Board examiner's report shows that the Formants drew nearly $72,000 of the construction money out of Republic, but that the value of the work done was only $60,000. Mrs. Formant is the sister of former Republic president Kalavritinos.

Another half-finished apartment building, this one planned to hold 50 rental units, stands on the corner of Georgia Avenue and Aspen Streets nw., across the street from Walter Reed Hospital. Behind the four-story hulk of concrete lie stacks of bricks and other building materials dropped on the site months ago.

A $475,000 MORTGAGE

No work has been done on the building for more than a year, although it was originally scheduled to be completed in December, 1966. Real estate speculator Peter Laganas signed for a $475,000 Republic Federal construction mortgage for the project in late 1965.

Home Federal Savings and Loan, which absorbed Republic when Federal officials wanted it merged out of existence, is now searching for someone to finish both the Formant and Leganas buildings. The Federal Government, for the time being, has title to both buildings.

Another property that Home Federal has been trying to find a buyer for is a rundown, three-story, 26-unit apartment building at 2435 Ainger pl. se. Although it was put up just four years ago, the building's condition is shocking.

HALF-OCCUPIED BUILDING

Moisture has eaten away chunks of its cinderblock walls. The wind rushes through holes where warped window frames separated from the cinderblock. Separations between the walls and ceiling have been patched with blotches of cement. Plywood covers what had been windows to basement apartments. Door locks and mail boxes are vandalized or missing. The building is less than half-occupied.

Two speculators long active in the inner city, Hymen Alpert and Leonard Diamond, put the building up with a $208,000 mortgage loan from Republic Federal in 1964. An expert real estate appraiser has estimated the building's value at no more than $145,000 today.

Shortly after completing the building, Alpert and Diamond tried to sell it to landlord William T. Cofer for $258,000. Cofer put down a $3000 deposit before backing out of the deal.

In a civil suit that followed, Cofer charged that Diamond and Alpert "made misrepresentations" about the building's rental income.

"FOR SPECULATIVE SALE"

Diamond admitted in a court deposition that units had been leased to tenants at lower rentals than stated to Cofer "to achieve 100 per cent occupancy" prior to the prospective sale. He stated that the building was put up for "speculative purposes of immediate sale."

Shortly after the suit was settled (with Alpert and Diamond paying Cofer $6000, according to the court record), the building was successfully sold to Philip and Letita Randall for a stated price of $291,500, most of it in mortgages they signed to repay.

Randall is a former Post Office employe who now works at Freedmen's Hospital. Mrs. Randall is a counselor in the District school system. They had been making small investments in inner city real estate for many years.

The Randalls quickly found this investment to be unprofitable and fell far behind on their mortgage payments. Within a year, they were foreclosed on and a speculator bought the building at auction for $207,000.

He, too, failed to keep up the mortgage payments and Republic Federal was forced to take over the building itself when nobody else would buy it at another foreclosure auction. This property, too, is now legally the property of the Federal Government.

LOSSES INEVITABLE

Builder and real estate investor Edgar Weisman, adviser to the Catholic Archdiocese's nonprofit Urban Redevelopment Corp., was offered the building by Republic shortly before the merger. He described it as "very poorly designed and constructed" and estimated that any landlord would lose at least $3500 every year trying to pay off its large mortgage, even with every unit rented.

Besides the two houses on Tulip Street, Pearl Kelly has also left behind other remnants of the fling that she, financed by Republic Federal, took in building construction.

At 3609 Georgia ave. nw., Mrs. Kelly began to convert a two-story brick row house into a three-story office building with a modern glass and brick facade. Republic extended a $60,000 construction loan for this project.

The job has been half-completed. The dirt floors behind the tinted glass front window are filled with holes and debris. Walls and stairways are unfinished and splattered with cement. A hole in one window pane allows vandals easy access.

Two more houses Mrs. Kelly started, at 1707 and 1709 Tamarack st. nw., near Tulip Street, have been finished, though not by her.

NEW MORTGAGES

After using up the construction financing provided by Republic Federal for the two houses, Mrs. Kelly had them further mortgaged for money she borrowed from investor Leo P. McCann.

When this mortgage went unpaid and McCann went to foreclose, he found that construction was incomplete and that buyers had already put up their old homes as down payments on the Kelly houses.

Instead of having the houses auctioned off, McCann got contractors to finish the houses and, in effect, foreclosed on the houses and sold them to their new owners.

Each home buyer wound up owing more than $50,000 in mortgages and each lost the proceeds from the sale of each of their old homes. But they finally had clear title to their new homes.

PRAISE FOR MRS. KELLY

This, apparently, is all right with Dallas C. Clark, who now lives at 1707 Tamarack. After he signed to sell his old home and buy the new one, both through Mrs. Kelly, construction stopped on the new one. He wound up paying rent at the old house and never saw the $11,000 proceeds from its sale.

But now that he is finally settled in the new house, he told a reporter that he vowed he would "not say anything against Pearl Kelly."

He said that because he is Negro and a cab driver, he had been unable to buy a high-priced house in a "quiet neighborhood" although he believed he could afford it (and can afford now to make the large mortgage payments on 1709 Tamarack).

"If it had not been for Pearl Kelly," he said, "I never would have gotten into a good neighborhood like this. No one would have approved me for a mortgage on a house like this without Pearl Kelly to help out the way she did at Republic Federal."

[From the Washington Post, Jan. 11, 1969]

MORTGAGING THE GHETTO—VII—SPECULATORS GAINED CONTROL OF SOME S. & L.'s

(By Leonard Downie, Jr. and Jim Hoagland)

What steel means to Pittsburgh, cars to Detroit, tobacco to Durham, cattle to Kansas City, oil to Houston—that's what real estate means to Washington.

"It's our industry. This is a real estate town," says a close associate of Leo M. Bernstein, the hero of one of Washington real estate's many Horatio Alger legends.

Real estate speculation, even in the old houses and apartments of the inner city, has often provided a fast inside track to financial success for the son of a penniless immigrant or a bright young man with just a few dollars to invest.

As this series of articles on inner-city speculation has shown, some local savings and loan associations have been the principal arteries for the flow of mortgage money that is the lifeblood of the speculators' system.

So it was natural that some successful speculators eventually took control of some of these savings and loans themselves. And that other speculators would be among their best customers.

In some cases, this meant that a small savings and loan taken over by a speculator grew rapidly into a much larger institution, thanks principally to the booming business it did with other speculators.

But for one savings and loan—Republic Federal—a startingly rapid rise in assets led only to a great financial crash last year. Reported assets of the savings and loan dropped $17 million in one year.

Although the Republic story has been kept secret from the public until now, its explosion behind the scenes of Washington's inner-city real estate industry sent out shock waves that are still rocking the industry's foundations.

MERGER EFFECTED

Republic was merged out of existence last year by the Federal Home Loan Bank Board. If its doors had remained open just a month or two longer, Board examiners feared, Republic would not have had enough money to cover withdrawals.

A confidential report by a Board examiner concluded that Republic's president, Pete C. Kalavritinos, placed "undue emphasis" on quick growth of the savings and loan through loans to speculators.

The savings and loan's huge portfolio of mortgage loans to speculators promised big returns in interest if the loans were repaid.

But scores of them were not being repaid on time. And Republic was unable to get its money back by foreclosing and auctioning off the mortgaged properties, because these slum houses and buildings could not be sold for the amount of money lent on them.

Specifically, the Bank Board examiner criticized Republic in his secret report for:

Making too many loans to speculators.

Violating a Federal regulation by landing too much money to a single speculator.

Making excessively large mortgage loans to speculators. (The Washington Post's investigation has turned up hundreds of cases in which Republic lent as much or more money than speculators paid for properties.)

Violating Federal regulations in the way the value of properties was appraised for mortgage loans.

Making too many loans to "favored borrowers and relatives" of Kalavritinos.

Violating Federal regulations covering application for, approval of and paying out of mortgage loans.

Paying out construction loan money not justified by progress of construction.

Paying expenses to Kalavritinos and two other directors (including $270 a month each for the rental and parking of Cadillacs) that ran four times higher than the average locally.

WARNINGS CITED

The examiner said in his 1967 report that Republic had failed to correct these practices, even though the savings and loan had been cautioned "repeatedly" about many of them since 1962, two years after Kalavritinos became Republic's president.

The rise and fall of Republic under Kalavritinos is of more than passing interest to the operators of a handful of other local savings and loans. They have also been warned by Federal officials to stop some of the same practices engaged in by Republic.

What was to become Republic Federal Savings and Loan Association was once the tiny Kenilworth Building and Loan Association. Kenilworth had $30,000 in assets when insurance broker Woodrow W. Miller became its president in 1952.

Miller got a Federal charter and a new name for the association and moved it from Northeast Washington to 1012 Vermont ave. nw., near K Street. This is the hub of the city's real-estate speculation industry.

Many speculators worked out of offices near Republic including Pete, John, Louis and James Kalavritinos, whose Kalavritinos Investments was next door to the savings and loan.

Woodrow Miller brought Pete and John Kalavritinos onto Republic's board in 1957 and, by 1960, its assets had risen to $10 million. Much of its rapid growth was the result of heavy lending to speculators.

"Republic had loaned Pete money before we took him on the board," Miller told reporters. "And then Pete brought a lot of his friends and speculators he did business with into our office for loans."

By the end of 1960, Pete Kalavritinos had become president and his brother John had become vice president of Republic. Woodrow Miller had left the savings and loan business to take over the struggling WMA Transit Co. in Prince George's County.

At the time, ascension to the presidency of a fast-growing savings and loan was merely the latest in a series of business successes for Pete Kalavritinos, the son of Greek immigrants who settled in Washington's downtown slums.

Pete and his four brothers and two sisters helped their parents sell fruits and vegetables in stores and on street corners. Pete had a stand on 7th Street nw., near Massachusetts Avenue.

Later, the Kalavritinos children turned to real estate speculation—buying, renting and selling old houses in the neighborhoods they grew up in. They prospered.

By the time Pete and John moved to Republic as full-time officers, they left brothers Louis and James next door to run Kalavritinos Investments. Another brother, George, went into business by himself. And their two married sisters, Angelina Formant and Helen Tsintolas, also wound up in slum real estate speculation.

The success story of the Kalavritinos family in slum speculation was not unprecedented here. Nor was the entry of Pete and John into the savings and loan field.

Kalavritinos's cousin, William Calomiris, another Greek immigrant's son, accumulated vast holdings in real estate, mostly in the inner city, with his brothers, James, Peter and Donald. And, in 1957, he became a director of Jefferson Federal Savings and Loan, where his close business associate, Fred A. Smith, was president.

Smith had risen from a rent collector's job to wealthy status in real estate speculation himself. He converted a small building and loan association into Jefferson Federal and presided over its steady growth for many years before his death. His son, Fred W. Smith, is now Jefferson Federal's president. And Colomiris is still an influential director, as he is of the Metropolitan Washington Board of Trade (he is its past president).

Over the years and up until recently, Jefferson Federal has made many loans to or through speculators, land records show.

Meanwhile, Leo Bernstein, who had become Washington's most successful inner-city real estate speculator, was presiding over one of the city's fastest growing savings and loans.

His relationships from his years of speculation obviously did the association no harm. A Bernstein press release once described "over 350 active Washington real estate agents (who) consider themselves graduates of . . . the 'Leo Bernstein Unofficial School of Brokerage'." Dozens of today's speculators once worked for Bernstein.

Bernstein became a director of what was then the Guardian Building and Loan of Silver Spring in 1950. He eventually took over as president and got a Federal charter, pushing Guardian's loan-making territory out to a 50-mile limit, which gave Guardian the right to make loans in the District of Columbia as well as Maryland. Guardian's branch on Dupont Circle soon became the heart of its loan-making operations.

From 1962 to the end of 1967, Guardian's assets grew from $22 million to $41 million. During this time, the majority of its mortgage loans were made to or through inner-city real estate speculators.

But growth at Republic under Pete Kalavritinos appeared to be even more impressive. Its stated assets shot from $10 million in 1960 (when Kalavritinos became president) to $20 million in 1962, to a high of $57 million in the middle of 1967.

(When the imminent collapse came at Republic, its stated $57 million in assets fell to $40 million in less than a year before it was quietly merged with Home Federal Savings and Loan Association last June.)

The great bulk of Republic's outstanding mortgage loans had been made to real estate speculators, according to the Federal Home Loan Bank Board examination of Republic just before its slide.

Three of every four dollars handed out by Republic in mortgage loans went directly to speculators, the confidential examiner's report shows. And the examiner added that nearly all of the applications for loans made to other borrowers—home owners and builders, primarily—were made through speculators.

Just 40 "real estate or investment speculators" owed Republic a total of $21.8 million—45 per cent of its outstanding mortgage loan money—in 1967, the examiner's report shows.

The examiner listed the following 17 speculators (who owed a total of $13.3 million) as the largest of these 40 borrowers:

William, James and Peter Calomiris—who owed a total of $2.4 million on 22 mortgage loans made to them by Republic.

Peter Laganas—a speculator who built apartment buildings in Negro neighborhoods and who owed Republic $1.4 million. He failed to keep up payments on most of his mortgages.

George Basiliko—Washington's single largest slum landlord, who owed Republic $1.5 million on 117 mortgage loans. He made an agreement with Republic to postpone repaying the principal on these loans.

Burton Dorfman—a speculator who formed syndicates of businessmen to buy and manage heavily mortgaged buildings, and who owed Republic $1 million on nine mortgages. Most of these mortgages have been foreclosed because of nonpayment.

George Kalavritinos—Pete's brother, who owed $900,000 on four construction loans, which were later foreclosed.

Angelina and Dino Formant—Pete's sister and brother-in-law, who owed $960,000 on 33 loans, the majority of which were foreclosed.

William Cohen—a builder and investment speculator who owed $300,000.

John Swagart—George Basiliko's brother-in-law, and a slum landlord, who owed $730,000.

Frank Marzullo—a building maintenance contractor and speculator who owed $690,000.

Leo Bernstein—Guardian's president until last year, and now president of D.C. National Bank, who owed $600,000 on 11 mortgages, mostly on Georgetown property.

Morton Frank—a slum speculator and landlord who owed $560,000 on 30 mortgages.

Nathan Habib—a slum landlord who owed $550,000 on 60 mortgages.

Stuart Bernstein—Leo Bernstein's son, who is now president of Guardian, who owed $530,000 on ten mortgages.

Hymen Alpert—a partner with Leonard Diamond in slum speculation firms, who owed $520,000 on 30 mortgages.

As an officer of Republic, Pete Kalavritinos was forbidden by law to obtain any mortgage loans for property he owned himself. So he went to other people's savings and loans and got money there.

These loans went to the Sturbridge Investment Corp., which operated out of 1820 Plymouth st. nw., the address of Pete Kalavritinos's three-story brick home. Sturbridge's president is Nicholas G. Juvelis, Pete's father-in-law. Its secretary-treasurer is Angelina Kalavritinos, Pete's wife. And its vice president is Allen Lewis Kay, who was an appraiser for Republic while Kalavritinos was president.

Sturbridge bought 24 inner-city Washington properties, nearly all old houses, between 1963, when the corporation was organized, and 1967.

Sturbridge received a total of $529,400 in mortgage loans on 19 of these properties from Guardian Federal Savings and Loan where Leo Bernstein was presiding. And land records show that 13 of these mortgage loans ranged in amount from just a little less to somewhat more than what Sturbridge paid for the properties.

The biggest difference between the amount Sturbridge paid and the amount it got in mortgage loans from Guardian occurred in transactions involving houses at 1603 Massachusetts ave. s.e., 313 10th st. ne. and 727 5th st. ne.

Sturbridge paid $34,000 to buy these three houses in 1966, land records show. Within a month of the sale, Sturbridge received a total of $39,500 in three mortgage loans made on the houses by Guardian.

In the confidential Federal Home Loan Bank Board report on Republic Federal, the examiner had criticized the practice of granting loans as large or larger than the prices paid.

A spokesman for Guardian said the savings and loan required that large amounts of cash be deposited in "escrow" accounts at Guardian every time "there was any worry about the size of a loan" made to Sturbridge. This money—$1,000 or more for each loan—would be returned to Sturbridge when the loans were paid down to a reasonable level, the spokesman said.

The Federal Home Loan Bank Board ordered Guardian to stop this practice, the spokesman said.

The spokesman also said that Guardian did not know what Sturbridge paid for the houses at 1603 Massachusetts ave. s.e., 313 10th st. ne. and 727 5th st. ne. He said a separate application was presented for each loan and separate appraisals were made. (Sturbridge had bought the three properties in a single package.)

The savings and loan appraised the house at 1603 Massachusetts ave. se. as being worth $10,500 before lending Sturbridge 9,500 on it, the spokesman said. This would mean that the amount lent was more than 90 per cent of the appraised value of the property.

Federal regulations prohibit lending more than 80 per cent of appraised value of a house, unless the owner lives in it. Neither Pete Kalavritinos nor any of the officers of his Sturbridge Investment Corp. lived at 1603 Massachusetts ave. se.

When asked about the loans that Guardian made to Sturbridge, Leo Bernstein, Guardian's president at the time, said:

"We always liked Pete Kalavritinos. He was a very charming fellow. He always paid his bills to us and he was pleasant to deal with."

Sturbridge also succeeded in getting a total of $141,000 in five mortgage loans from Uptown Federal Savings and Loan of Baltimore. Interestingly, Sturbridge paid only a total of $126,850 to buy the five properties mortgaged for the $141,000.

LOANS FROM UPTOWN

Pete Kalavritinos's sister, Angelina Formant, was a much more frequent customer at Uptown in recent years. Angelina and her husband, Dino, received $475,350 in 20 mortgage loans from Uptown on properties that the Formants or their representatives had bought for a total of $439,152 in various transactions.

Two houses that the Formants bought in the 1500 block of Meridian Place nw. for $31,000 each were mortgaged for loans of $35,000 each from Uptown. Two houses on U Street nw., bought by the Formants for $30,000, brought them a total of $33,300 cash in two mortgage loans from Uptown.

An apartment building at 1840-42 California st. nw., bought by the Formants for $155,000, was used as security for a $165,000 mortgage loan from Uptown.

Uptown's president, Alvin Snyder, told a reporter that it was misleading to compare the sales prices and amounts of loans in these and other loan transactions between the Formants and Uptown. He said the speculator can often buy at a bargain price.

The Formants fell behind on the payments of many of the mortgage loans they received from Uptown, court records show. In May, 1967, the savings and loan and the Formants negotiated an agreement to bring the payments up to date.

But in the end, Snyder said, Uptown foreclosed on "all the large loans made to the Formants." This was at the same time that the Formants lost many other properties through foreclosures by Republic Federal Savings and Loan in the District.

"You've got a lot of what we call 'Washington paper millionaires,'" Snyder said. "They build all this up on paper, but don't really have the money to stand behind it."

Control of most savings and loans here rests in the hands of a very small group of each association's shareholders, despite the fact that everyone with a savings account in one theoretically has a vote in the management of a savings and loan.

But at many local savings and loans, a person opening a savings account also signs a "proxy card" giving his vote to one or two of the association's directors. Usually, the depositor does not realize the significance of doing this.

The few people who hold the most proxy votes signed to them then control the savings and loan. And they can perpetuate that control, and pass it along to their relatives or friends, by getting all new depositors' proxy cards signed to them.

Those few directors left with voting power gained through the signed proxies then elect the savings and loan's officers, decide its loan policies and authorize the payment of fees and expenses to themselves. Since the depositors who signed proxy cards do not take a voice in running the association, the principal check on the directors' activities is regulation by the Federal Home Loan Bank Board.

When Woodrow Miller brought Pete and John Kalavritinos onto the board of Republic (and brought with them the deposits and mortgage-loan business of their speculator friends), he gave them a powerful voice in the running of the association.

For a time, the executive committee of the association, which acts on all mortgage loans and holds most other important powers, was evenly divided between Pete and John Kalavritinos and Miller and his wife. It became the battleground of a struggle for control of the savings and loan, Miller says now.

It was about this time, early in 1960, that a real estate speculator filed a suit against Miller and his insurance agency.

The speculator's suit said he obtained a mortgage loan from Republic on a building he owned and got fire insurance coverage from Miller's agency. The building was owned by a straw party who was acting for the speculator, according to the complaint.

Later, when the building was transferred to the speculator's name and there was a fire in it, the insurance company refused to pay because the policy was made out to the straw, not the speculator. The suit complained that Republic and Miller knew that the straw was merely a straw and that the insurance should have been transferred to the speculator's name.

In an official court document, Miller denied that he knew that the straw was acting for the speculator.

Pete Kalavritinos, however, Miller's vice president, contradicted Miller in a deposition taken by the speculator's lawyer. "Miller knew

about and agreed to" the use of the straw, Kalavritinos testified.

Kalavritinos also swore in the deposition that, contrary to previous denials by Miller, Republic to Pete and John Kalavritinos, and

The suit, after these depositions, never made it to trial. It was settled privately. At the same time, Miller relinquished control of Republic to Pete and John Kalavritinos, and the proxies he controlled were transferred to them.

Miller told reporters recently that he left Republic principally to take control of the WMA bus company. He already had a large financial interest in the bus company, he said, and he wanted to supervise a strengthening of the company's financial position, which was then shaky.

He also admitted that the in-fighting over control of the savings and loan, and the court struggle with the speculator figured in his decision to leave Republic Federal.

Later, after Kalavritinos took full control of Republic, the speculator who sued Miller arranged for several mortgage loans from Republic. The speculator's deposition in a later court suit shows that he received thousands of dollars in proceeds from these loans, which actually were made to other speculators.

[From The Washington Post, Jan. 12, 1969]

MORTGAGING THE GHETTO—VIII—WHEN BUBBLE BURST, SPECULATORS LANDED IN COURT

(By Leonard Downie, Jr. and Jim Hoagland)

"We were strangled to death with land," Dino Formant explained sadly.

He was telling Harold H. Greene, chief judge of the Court of General Sessions, recently how hard times had hit him and his wife, in explaining why they had not displayed occupancy permits in their apartment buildings in Washington's slums.

"We were involved in construction deals and buying ground to build on," Formant told the Judge. But the riots and tight money came along, he said, and the whole thing collapsed.

Formant, and his wife, Angelina, were explaining to Judge Greene the top of their pyramid of woe. The base of that pyramid had been crushed into pebbles, an event symptomatic of the crunch that has hit much of Washington's speculation industry.

Court records show that the Formant husband and wife speculation team plunged heavily into debt.

When the bust came, contractors they had hired, firms that managed their rental properties, banks and individuals that had lent them money, and others sued them for unpaid bills and notes.

These court records indicate that the Formants tried to dip into the rental income from their properties to try to pay various personal bills ahead of their mortgage debts.

When the Formants sued their rental agent, Joseph Bruno, in one case, Bruno stated in his answer that Angelina Formant, before mortgage payments were made, had channeled rent collection proceeds to car payments, "Angelina Formant's account at the Elizabeth Arden beauty shop," and the "payment of bills accumulated by Dino Formant at the Heliegh Club in Atlantic City." Mrs. Formant said in another suit that her husband had gone to Atlantic City on doctor's orders to recover from a heart attack.

Back in General Sessions, Formant testified that as their financial condition worsened, they had to borrow "considerable amounts of money" from his parents.

"They endorsed to us a couple hundred thousand dollars worth of notes," Formant testified. Finally, they transferred property they owned to his parents, he told Judge Greene.

About this same time that the Formants were running into deep troubles (from early 1967 on), some of their other relatives were speeding there with them.

It was at this time that Mrs. Formant's brother—Pete C. Kalavritinos—started coming under heavy fire from the Federal Home Loan Bank Board. Kalavritinos was president of what had been the city's fastest growing savings and loan association, Republic Federal, which was then facing a financial crisis.

At this time a Bank Board examiner was visiting Republic and was finding things he did not like in the loans that Republic was making to its president's sister and her husband, and to George Basiliko, Burton Dorfman, Hymen Alpert and other slum speculators.

REPUBLIC IN TROUBLE

In fact, the Formants' financial collapse, and the weakening of other slum speculators, was taking Republic down with them.

What the examiner found at Republic in his lengthy 1967 report were practices that Republic had been warned about by Bank Board examiners since 1962.

For instance, the examiners found Federal regulations requiring that applications for mortgage loans be completely filled out were being violated.

Forms for appraisal of properties also were not filled out completely, the examiner found. Often, the forms showed insufficient evidence for the appraisers' estimates of properties' market values.

The examiner, in a spot check of Republic appraisals, pointed out that appraisals made by Kalavritinos himself, by Willie Peckover and by Kalavritinos' brother, James, were incomplete.

The examiner went further.

Republic's system for acting on loan applications "defies definition," his report said.

The examiner said that individual officers of Republic would give a verbal promise to a speculator to make him a loan, without consulting other members of the executive committee as required by Bank Board regulations. "Approval of loans by the executive committee was a mere formality," the examiner wrote.

The examiner said that verbal commitments were given for hundreds of thousands of dollars of loans at one time. Sometimes, the examiner said, commitments were forgotten or, for some other reason, were not reported, as they should have been, to the Bank Board.

DIRECTOR'S EXPENSES

The examiner's report also complained that the auto, restaurant and other credit card expenses charged to Republic by its directors were four times higher than the average for other savings and loan associations here.

Directors whose expenses were charged directly to Republic included Kalavritinos, his brother John (Republic's executive vice president) and Russell Miller, the firm's general counsel.

Each rented a Cadillac, for $232 a month, each paid $35 a month to park it, all charged to Republic.

These three directors composed the powerful executive committee of Republic. Two of them, the examiner's report shows, also had close ties with local banks.

The tie between the Formants and Kalavritinos helped undo Republic. The tie between Pete Kalavritinos and Miller in turn, helped to create problems for Public National Bank.

Pete Kalavritinos was a director and a member of the executive committee of Public National Bank. Russell Miller was a director, executive committee member and general counsel of Public National.

Public National, like Republic, made numbers of loans to speculators that it had had difficulty collecting.

Miller also was attorney for, and past vice chairman of, Metropolitan National Bank of Wheaton, which, court and land records show, has made some loans to speculators in inner-city Washington housing.

The examiner's report showed a further tie between Republic and those two banks. Republic had put money in demand deposit accounts in Public National and Metropolitan, as well as in a third bank.

The interrelationships between Republic and relatives of Pete Kalavritinos and the kind of loan that worried the Bank Board, are visible in the half-finished construction project begun by the Formants at 811 Jefferson st. nw.

What is left there is the weathering hulk of a three-story apartment building, shoehorned into a line of neat rowhouses.

Construction on 811 Jefferson stopped two years ago. The unsightly shell of concrete and unfinished brickwork is pocketed by window frames that don't fit, by broken glass, by holes where windows and air-conditioning units should be, rotting boards that fail to keep out adventurous children.

By the time work on the building had stopped, Angelina and Dino Formant had drawn $72,000 in loans from her brother's savings and loan.

But, as the examiner's report shows, the work done on 811 Jefferson st. nw. was worth only $60,000.

SUIT IS BROUGHT

That unfinished apartment building, at 811 Jefferson, became the nub of a court suit brought against the Formants in 1966 by another of Mrs. Formant's brothers, George Kalavritinos.

At one point, according to the depositions in this case, George was going to step in and bail out his sister and her husband, take over their notes and finish the building. But he later backed out, and the suit was brought over one of the notes.

"My only interest in this," George Kalavritinos said in his deposition, "was not to help my sister, but to help my brother, Pete, who loaned her the money from Republic Savings and Loan."

He testified in the deposition that Angelina "took over $70,000" of the construction money . . .

He testified in the deposition that Angelina "took over $70,000" of the construction money "and never paid over half of that money" for construction work on the building.

"I don't know where it (the money) went to," George testified. "She never paid the bills, and the job was being vandalized.

"The Formants were supposed to turn over to me four, five or six pieces of property" in the deal, he said.

In return, he testified in his deposition, "I would . . . go in there and finish it, even though I knew I was going to lose, . . . to help my brother Pete but, because the examiners were coming in, and he was going to get criticized."

"My only purpose," George said in his deposition, "was to try to protect my family's name."

George said that his brother Pete called him from Republic to propose the deal.

"He wanted me to go in there as a favor and finish it," he said. "I told him in plain language that I needed a job like that like a hole in the head."

In another deposition in the suit, Dino Formant testified that he and his wife "wanted to dispose of the building" and that Pete Kalavritinos "said that George was interested.

"Whatever Pete said to do, we did," Formant testified.

George said in his court deposition that he finally agreed to help out the Formants at the urging of Pete. But, later, he testified, he changed his mind after discovering that the unpaid mortgage construction debts on 811 Jefferson st. were much higher than he first thought.

"It would have taken another $35,000 in my estimation to finish" the building, George said. And, with another note (the depositions showed that the Formants had borrowed yet another $15,000 for the project from City Bank and Trust Co. of Alexandria) to be paid, it would have cost him $50,000, he figured.

In any case, this suit is still pending. The mortgage on the property at 811 Jefferson was foreclosed, and the savings and loan had to buy it when no buyer could be found.

REAL ESTATE SLUMP

That building, and others like it, are the bricks and mortar evidence of the shattering slump in the city's real-estate speculation industry.

The Formants had accumulated $2 million worth of heavily mortgaged inner-city lots, land records show, and planned to replace many of the old houses and apartment houses with new buildings.

Republic Federal gave the Formants several mortgage loans that equalled or exceeded what the Formants paid for the properties mortgaged. This was one of Republic's practices that the Federal Home Bank Board examiner sharply criticized. It is illegal for a savings and loan to lend an amount greater than 80 per cent of the value of the property mortgaged.

By the time the Bank Board examiner made his report in February, 1967, the Formants owed nearly $1 million to Republic, the savings and loan controlled by Angelina's brothers, Pete and John Kalavritinos.

Of that sum, $155,000 was owed on a single mortgage loan the Formants received from Republic on a half-century-old apartment building at 2415 20th st. nw.

The Formants bought the building for $140,000 from heirs to the previous owner's estate, land records show, and transferred it two months later to a corporation named 2415 Inc. Its officers happened to be Angelina Formant, president, and Dino Formant, vice president. According to the recordation tax paid on this transaction the Formants' corporation, 2415 Inc., paid the Formants $225,000 for the apartment building.

The day after that transaction, Republic gave the Formants $155,000 in a mortgage loan on the building. This is $15,000 more than the Formants originally paid for the apartment house.

The Formants fell behind on the payments on this mortgage and Republic later foreclosed. The building was sold at auction for $152,800—a little more than the amount still owed on the mortgage.

MORTGAGE SOLD

A court suit involving the Formants' failure to keep up payments revealed that Republic actually sold this mortgage to the Colonial Mortgage Service Corp. of Philadelphia. Other suits and Bank Board records show that Republic sold other large mortgages to Colonial.

(Colonial is a wholly owned subsidiary of Sunasco, Inc. of Philadelphia. Another Sunasco subsidiary, the Atlas Financial Corp. was a heavy buyer of second mortgages generated by some unscrupulous home improvement contractors here, court suits and land records have shown. The officers of one home improvement firm who sold some mortgage notes to Atlas were recently convicted of fraud.)

The apartment building at 2415 20th st. nw. and the unfinished apartment building at 811 Jefferson st. nw. were among 15 Formant properties, mortgaged for a total of $720,000 at Republic, that were foreclosed on by the savings and loan.

Republic was unable to sell many of these buildings at foreclosure auctions. The Federal Government wound up with the mortgages on these properties when it finally merged Republic out of existence.

Some people in real estate circles here dismiss Republic's virtual collapse as typical of savings and loan associations generally. It is a freak, they say, due largely to financial overreaching by the Formants with Republic money.

But in fact, lending to the Formants was only one of many things criticized in the examiner's report on Republic.

And some other savings and loan associations here engaged in many practices similar to Republic's. Some other savings and loans also were particularly liberal in lending their mortgage money to slum speculators.

Republic undoubtedly was the most overextended. But others have shared their tendency to want to grow too fast, by lending too often and too much and too easily to speculators.

Despite a meeting between Federal officials and Republic's directors, and despite a letter from the Kalavritinos brothers and Miller to the Bank Board promising to make changes, financial reports showed that Republic's condition worsened rapidly during the last half of 1967.

Payments on hundreds of loans were overdue. Some payments were as much as a year or more behind.

Brother George Kalavritinos volunteered to help persuade laggards to catch up on their payments. But George himself lost two new buildings when Republic had to foreclose on his loans, land records show.

So, the Bank Board ordered Republic to bring in an outside management expert to try to salvage the firm. A Virginia savings and loan executive, Robert H. Rush, was hired by Republic, and the Bank Board approved the selection.

But after several months with Republic, Rush decided that no matter what he did, he couldn't improve Republic's position enough.

Republic had taken over dozens of heavily mortgaged buildings. But although these mortgages went unpaid, Republic had not been showing them as losses before Rush came. The Bank Board examiners felt that this gave a distorted picture of Republic's assets.

Finally, the Bank Board ordered Republic to cut the rate on dividends it paid on deposits. The Bank Board has ordered some other savings and loan to tighten their belts in this way also. Many depositors responded to the lowered dividends by withdrawing their money from Republic. And, as word got out about the unpaid mortgages and unsalable buildings, more depositors fled Republic.

By the spring of 1968, Republic's stated assets, had fallen from a high of more than $57 million in 1967 to just $40 million, according to its financial statements. The firm's net worth and reserve funds had both dropped below Federally required minimums.

The Bank Board examiners soon estimated that Republic might not have enough cash left to pay dividends or cover withdrawals, and had "little likelihood of surviving."

The Bank Board decided to get Republic quietly merged with a healthy saving and loan association.

Word got out in some circles familiar with Washington real estate that Republic was in trouble. One group of local officials and businessmen—headed by Julian R. Dugas, the city's chief of Licenses and Inspections—offered to take over Republic and put it back on its feet. But they could not raise the $3 million in cash that the Bank Board insisted be put up.

OFFERS MERGER

Then Home Federal Saving and Loan, a 72-year-old conservative association of medium size came forward and asked to take over Republic.

Home's president, John U. Raymond, told reporters recently that he knew Republic would be merged with somebody and he did not want that somebody to be any other savings and loan but his, since Republic's old office, at 1012 Vermont ave. nw., is just a block away from Home's office at 15th and K streets, and he did not want the competition.

The Federal Savings and Loan Insurance Corp., a Federal agency, gave Home its guarantee that it would absorb up to $17 million in mortgage loan losses if Home merged with Republic.

Raymond pointed out later that this would cover all loans made by Republic that might be problems.

The Insurance Corporation is now holding, and Home is managing, foreclosed properties which will be renovated and offered for sale. The Insurance Corporation will absorb any losses incurred.

Importantly, Republic's depositors and Home's depositors have suffered no losses. Raymond stressed, in talking with reporters, that there was no danger to their funds.

Seven months ago, in June, the merger was quietly consummated. As publicly announced, the merger appeared to be no different from the normal, voluntary merger of two happy, thriving corporations.

For Republic's directors, it wasn't so happy. They were given the latest report of Republic's deterioration by Federal officials at an April meeting. They were then urged strongly to sign the merger papers.

Most signed without argument. But a witness says that Pete Kalavritinos, insisting to the end that Republican could make its way back, had to be persuaded with some strong talk by another officer of Republic. He finally signed, too.

Weeks later, the headquarters office of Republic, which had been the speculators' capital in the Nation's capital, was vacated.

Next to the "For Rent" sign in its window was placed another sign that says: "We had the urge to merge."

[From the Washington Post, Jan. 12, 1969]

COHEN HOLDINGS INCLUDE NO SLUMS

The Federal Home Loan Bank Board examiner's report on Republic Federal Savings and Loan, published in yesterday's editions of The Washington Post, listed William Cohen as one of Republic's 17 major borrowers. For the record, the newspaper's investigation of slum ownership and speculation shows no indication that Cohen has slum holdings. He is a director of the Madison National Bank and a downtown builder.

Yesterday's article incorrectly identified Stuart Bernstein, who the examiner's report said owed $530,000 to Republic, as the current president of Guardian Federal Savings and Loan. Stuart Bernstein's brother, Richard, is the president of Guardian.

[From the Washington Post, Jan. 13, 1969]

MORTGAGING THE GHETTO—IX—FOUR BANKS FLIRTED WITH SPECULATORS

(By Leonard Downie, Jr., and Jim Hoagland)

William M. O'Neill sat in the president's office of the Public National Bank and spoke softly, so softly that he could hardly be heard. Outside, snowflakes were wafting against the bank's diamond-shaped concrete window frames.

It was the last day of 1968; the last day that O'Neill, Public's president, would work there, and one of the last days of Public's existence under its current ownership. Public was on its way to being merged with D.C. National Bank when a group of businessmen began buying up Public's stock last week.

O'Neill had little to say about Public's difficult past year, in which it suffered losses from unpaid loans and a drop in the amount of money deposited in the bank.

"I don't want to get involved in any suits with these people," he told a reporter who asked about loans the bank made to local slum speculators. "They have no money left. They have nothing to lose."

The money that slum speculators no longer have, in many cases, is money owed to local banks like Public National which flirted with the attractive real estate boom of the mid-1960's, only to wake up in 1967 and find that the tempting mistress had turned into an overpainted harlot.

The Washington Post's examination of land and court records has established that

the slum speculators turned to four local banks for a number of loans to supplement the supply of dollars they siphoned from some savings and loan associations.

The management of three of the banks has been changed within the last four months.

The four that made loans to slum speculators are:

D.C. National established in 1962, and which is headed by Leo M. Bernstein, former real estate magnate, and, until last year, president of Guardian Federal Savings and Loan Association.

Public National, established in 1963 by a group of businessmen headed by real estate man Sol C. Snider and Walter Ogus. Ogus, an insurance executive, is chairman of the board of directors. For a time, Public shared two directors with Republic Savings and Loan.

City Bank and Trust Co. of Arlington, which opened in 1964. William A. Bryarly was the bank's president until November. James M. Thompson is chairman of the board.

Old Line National Bank of Rockville, which opened in 1965 and which was organized by Alan I. Kay, construction millionaire, Howard Bernstein (no relation to Leo), a former real estate title company executive, and John P. Moore, an attorney then and a Montgomery Circuit Court judge now. John P. Dalton resigned as president of the bank Sept. 30.

Each of the four banks has had to go to court or foreclose on loans in an effort to get back money it lent to some of the slum speculators identified by The Washington Post in this series.

ALL NEW BANKS

Each of the four is a new bank. The three national banks—Public, D.C. and Old Line—were chartered during the stormy regime of former U.S. Comptroller of the Currency James J. Saxon.

Saxon, now in private law practice in Washington, drew blasts from Congress for chartering too many banks too fast. Saxon's reply was that the banking business needed new blood.

Approval by Saxon of D.C. National's charter in 1962—the first granted here in 29 years—set off a chain of approvals over the next few years. Public National's was second.

"It can be tough on a new bank fighting for business," O'Neill recalled. "We don't get the Cafritzes." Established wealth, such as that of the Morris Cafritz family, tends to stay with established banks, he said.

This is true throughout the country. But Washington, a city virtually without industry, poses a unique problem for bankers. Says a close associate of Leo Bernstein:

"Real estate is our industry. Big realtors and speculators can go to banks here and get unsecured loans based on their personal worth. In almost any other city, the big industrialists are the big borrowers, and there's nothing left for the real estate man. Here, he is the big borrower."

When the industry turned sour under the tight money market days of 1966 and after, the crunch came with a vengeance for those slum speculators and landlords who operated with slim equity and those who had bankrolled them.

"In 1963, some of these people came in with very fine personal financial statements, in excess of $2 million to $3 million. Their credit reports were all in order. There was no reason not to make the loans," O'Neill said of Public National's opening days.

"But when the market tightened up, they had a hard time finishing their projects, and we had problems."

WRITE OFF UNPAID LOANS

Public National will write off $250,000 in unpaid loans for 1968, Ogus told a reporter. He said he could not estimate how much of this amount involved loans to slum speculators. But he said the bank hopes eventually to get 50 to 60 per cent of the thus far uncollectable debts.

"When we opened, some got more than they should have," he said. "We got hit by a few . . . But this is really a minor thing, considering our assets." Public's assets have fluctuated between $24 million and $25 million in the past two years.

Court records show loans made by Public to slum speculators here include:

$69,605 advanced to Harry Isard's 1st United Mortgage Co. Inc. The bank got a default judgment against Isard, a slum speculator. But Ogus says the bank has given up on getting the money.

$24,500 to Burton Dorfman. When the bank sued Dorfman, it got a stipulation judgment for the balance owed, $19,362. Ogus says this loan also is uncollectable.

$29,549 was the balance due to the bank on a series of loans that were made to Angelina and Dino Formant when the bank sued them. The Formants, brother-in-law and sister of former Republic Federal Savings and Loan president Pete C. Kalavritinos, owed the bank $123,903 in 1964. Public won its suit against the Formants, and Ogus said the bill had been paid.

Other slum speculators identified in this investigation who got loans from Public and then had to be sued for the outstanding balance include William Whitted, Basil Gogos and George Panagos.

Kalavritinos' brother, George, has been sued by the bank over a $38,000 loan. Public National obtained a default judgment for more than $4,000, plus interest, it claimed was still owed.

Republic Federal itself once received a $135,000 loan from Public National. Ogus said this has been repaid.

Republic Federal was merged out of business last year by the Federal Home Loan Bank Board after Board examiners uncovered widespread irregularities there.

There were strong links between Republic and Public. Pete Kalavritinos was president of Republic and a director of both Republic and Public. Also on both boards was Russell D. Miller, a little known but central figure in Washington banking.

Miller, former counsel and treasurer of the Federal Deposit Insurance Corp. (the government agency that insures all national banks) also was general counsel for both Public and Republic.

Miller was the lawyer who handled the charter applications for Public, Madison National and D.C. National and he is named in a suit as the controlling stockholder in Metropolitan National Bank of Wheaton.

Depositions in that suit state that Kalavritinos was ousted as a director of Public after a secret comptroller's report criticized the bank for allowing Kalavritinos to overdraw 50 checks on his account there.

The depositions also state that Miller was not rehired as general counsel and was removed from his post on the bank's executive committee at the same time Kalavritinos was dropped. (Miller refused to discuss this suit with reporters.)

Several Public directors state in their depositions that they were upset over Miller's ownership of stock in Metropolitan, and his role in helping Madison National get a charter so soon after he performed the same service for D.C. National and Public National.

SUIT IS SETTLED

The bitterness of this dispute spilled over into the court suit, which was filed by Miller when the bank rejected his bill for $26,295 for legal fees.

The suit was settled out of court last week, but the depositions taken put on public record an extraordinary account of the formation and problems of a young bank.

The 1175 pages of transcribed testimony come from Ogus, Snider, O'Neill, two other bank employes and these other Public National directors:

Meyer Mazor, owner of one of Washington's largest furniture stores; Jack Blank, automobile dealer; Oscar Dodek, president of D. J. Kaufman clothing store; Allen Baer, head of a large accounting firm; William Farris, a plastering contractor; and Joel Kline, a 38-year-old real estate man who, according to O'Neill's deposition, was once refused a loan by Public National, only to buy up later enough shares to be able to elect himself to the board.

The depositions agree in all essential details, and outline this story of Public National:

The key organizers were Ogus and Snider, who are neighbors in the luxurious Shoreham apartment building at 2500 Calvert st. nw., and their accountant, Baer.

Miller heard of their plans to form a bank and offered to represent them in getting the charter, for a $25,000 fee. Miller also asked to be made chairman of the board's executive committee, the nerve center of most banks.

They added Dodek, Kalavritinos, Blank (also a Shoreham resident) and Jack Pry, another auto dealer, as the organizing directors, and obtained the charter from Saxon's agency. O'Neill, then the head of a New York bank, became Public's president.

INVOLVEMENT GROWS

The bank opened its doors in July, 1963, two doors away from Ogus's insurance agency, at 1420 K st. nw., and a block from Snider's real estate firm.

As business grew, so did the involvement of some of the directors with their new bank.

Ogus, for example, got the bank's general liability and group hospitalization accounts. (He told a reporter that the premiums for this were about $20,000 a year, with $3,000 going to his agency in commissions.)

Baer's accounting firm did an annual audit of the bank, for an average fee of $4200. The bank also was audited, of course, by the U.S. Comptroller's office.

Miller usually charged the bank about $50 an hour for his legal services, which often involved trying to get money back from slum speculators. He billed the bank $6200 for his services in the purchase of the land on which the bank stands. Kalavritinos and Snider also received a commission of $25,000 on the sale.

Directors are encouraged in any bank to bring in new business, and this was true for Public. For example, Muscoe Garnett, a Virginia oil executive who was elected to the board after its organization, was considered an asset by the board because he might bring large deposits to the bank from the American Oil Co.

Other directors brought in new loan business. Appliance dealer George Wasserman (another addition to the board) and two business partners borrowed $175,000 from the bank for a business venture, for example.

Snider's real estate corporation borrowed $50,000, and his son-in-law, Earl M. Forman, borrowed at least $50,000 in a loan secured by a deed of trust on property owned by Snider.

DENIES LOAN TO WOLMAN

Forman, part owner of the Philadelphia Eagles along with financier Jerry Wolman, approached the bank with Wolman and Howard Bernstein for a large loan, and got the bank to participate in a loan that eventually went to Wolman, according to depositions. (Ogus denied to a reporter that Public National has ever had a loan with Wolman.)

Forman, in fact, was proposed for a directorship on the bank in 1967, but, according to Ogus's deposition, was blocked by Miller. Forman is an attorney and Miller "said that no lawyer would ever be on the board as long as he was on the board," Ogus stated.

Miller came off the board in the fall of 1967, as did Pete Kalavritinos.

Republic Federal had been ripped by Fed-

eral Home Loan Bank Board examiners in the spring because of its loans to speculators. Shortly after, the Comptroller's examiners moved in on Kalavritinos's chronic bad checks.

By October, 1967, the men who had invited Kalavritinos to help organize Public National had invited him to resign. When he refused, they dropped him from the directors' slate that management presented to stockholders at the next election.

(Eight months later, Kalavritinos's savings and loan was merged out of business. Reporters who have visited his home at 1820 Plymouth st. nw. have been unable to contact him.)

Miller could have stayed on the board of Public, but resigned after the directors told him he would no longer be general counsel.

SELLS 5,500 SHARES

At this point, the depositions state, Kalavritinos sold 5500 to 6000 shares of the bank's stock to Joel Kline and an associate, Eric Baer (no kin to Allen Baer). Kline is identified in O'Neill's deposition as a real estate speculator and money lender. He has an office in Silver Spring.

Kline testified that he is on the advisory board of Fidelity National Bank in Arlington, and, with his friends and family, controls the stock of Colonial Bank and Trust, which opened last year in Annapolis.

(Kline described himself to a reporter last week as a real estate investor. Although he once had real estate holdings in the District of Columbia, he has sold much of them, he said.)

O'Neill, under questioning by Miller's lawyer, James F. Fitz Gerald, said that Kline previously had borrowed from Public, but once had been turned down when he asked for a $20,000 loan because of the purpose of the loan. O'Neill did not amplify on this statement.

Throughout the summer of 1967, Kline and Eric Baer quietly bought up 20,000 shares of Public's stock at $18 a share and soon had enough to elect themselves to the board of directors. The then board members suggested that only one of them should take a seat on the board, and Kline suggested that Baer was the man.

But the board decided to put Kline into the directorship. Ogus was asked in his deposition why they had not picked Eric Baer. Ogus: "Actually, at that time, there was an article in the paper, and they had some sort of . . . something to do with second trust notes and his name appeared in the paper at that time."

Fitz Gerald: "In other words, he (Eric Baer) was objected to because he was a money lender?"

Ogus: "No. No, it wasn't the fact that he was a money lender; that wasn't brought up. It was because of the fact of the publicity in one of the newspapers."

Eric Baer and his partner, Meyer Morse, were identified in a series of articles in The Washington Post last year as purchasers of second mortgages signed by Negro home owners in exchange for cash loans.

Angry home owners complained in court suits and interviews with reporters that they were persuaded to sign mortgages for twice the amount they actually received in these transactions, some of which involved Eric Baer and Morse.

Kline confirmed to reporters that he has sold almost all of the stock he had bought in Public to a North Carolina builder. He and Baer no longer have a substantial interest in the bank.

But, for a while at least the classic pattern of successful speculators' getting into the ownership of an institution that lends to speculators was repeated.

Soon after Miller resigned, the suit shows, the bank demanded that he pay off four personal loans that Public had made to him, totaling $40,263.52.

Miller sent the bank $13,970 and claimed $26,295 in back legal fees that would cancel the debt. The bank rejected his bill as "unreasonably high" and Miller sued over the disputed amount.

He also asked the court to order Public not to sue him because, he asserted, that would damage his professional reputation.

Miller was not retained as general counsel or as a member of the board when Republic was merged with Home Federal. In addition to being listed as a major stockholder of Metropolitan National Bank in the depositions cited above, Miller also is identified as vice chairman of the board and attorney for Metropolitan in the bank examiners' report on Republic Federal.

Meanwhile, Public National's directors agreed to merge the bank with D.C. National. Under the terms of the agreement, reporters learned, none of Public's directors would be on the board of the merged institution.

The merger had been accepted as a completed deal by several members of both boards who discussed it with reporters. All that remained was for the stockholders to approve the directors' decision.

OFFER OF $32 PER SHARE

Then, nine days ago, a group of investors headed by two lawyers and an advertising executive announced an offer to buy any or all shares of common stock in Public National for $32 a share. Public's stock was being quoted at $25 to $27 a share at the time. The investors' offer to buy the stock ends today.

At the end of last week, the businessmen announced that they had purchased 75 per cent of Public's stock.

The investors' group, known as the PTZ Investment Co., is headed by lawyers David L. Tennent of Washington and Donald H. Parsons of Detroit and advertising executive Herbert Fisher of Detroit.

A spokesman for PTZ, attorney said that PTZ's investors saw Public as providing them with an unusual opportunity to become owners of a bank.

"Washington, D.C., has a tremendous potential for banking," said Zeidman, a law partner of Parsons, "and is a great opportunity for someone with social vision like that of Parsons."

Zeidman added that PTZ does not know what it would do about the proposed merger with D.C. National. "We do not intend to liquidate (Public) or to sell its assets," PTZ's formal offer to purchase stock stated.

It is ironic that D.C. National came close to absorbing Public National. Four years ago, Public was eagerly eyeing taking over a beleagured D.C. National.

That was immediately after Comptroller Saxon told Senate investigators that D.C. National should be "merged out of existence" because of the furor over a loan made by the bank to Robert G. (Bobby) Baker.

Baker, the former Senate wheeler-dealer who is currently appealing a conviction for income tax evasion, obtained from D.C. National a $125,000 loan, allegedly unsecured, to buy a home in Spring Valley here.

The loan was made after the then executive vice president of D.C. National, William F. Collins, recommended the loan because of Baker's "innumerable friendships and connections." The Senate investigation also revealed that Baker owned 1500 shares of stock in the bank.

SAXON DEFENDED LOAN

Saxon, who defended the loan and denied that any political influence had been exerted in the granting of the charter to the organizing group represented by Russell D. Miller, nonetheless said that "innuendos" surrounding the Baker loan made a quick merger necessary.

Instead Collins and the chairman of the board, Dr. Irving S. Lichtman, resigned, with Lichtman selling his stock to Leo M. Bernstein. Soon after Bernstein and his attorney, Leonard S. Melrod, were named to the board, Bernstein became the bank's major stockholder and president.

Like Public, D.C. National has made loans to ghetto speculators. But it seldom had to go to court to collect them.

In several instances, D.C. National used one of its employes, Dorothy Wakeham, to make speculators loans secured by a second trust. The bank advanced the money, and she got the secured note, which she then signed over to the bank.

One such loan, for $16,000, went to the Formants. Another, for $5000, went to Louis Bressler Inc. Dorothy Wakeham is the lender of record, although she is lending her bank's money.

Bernstein told reporters that this was not an unusual practice for his bank. "We take second trusts" (created or purchased by the speculator) "as side collateral on the loan. Dorothy Wakeham endorses it and holds it for the bank."

Banks are not allowed to use second trusts as primary collateral on loans. They may take them into consideration in determining a potential borrower's personal worth—thus making them "side collateral."

City Bank & Trust of Alexander has been pained by loans to Washington speculators. A discernible pattern exists of speculators, as soon as money started to tighten, journeying across the Potomac and coming back with City Bank & Trust dollars.

City Bank often has had to come across the river to Washington courtrooms to get its dollars back.

SOME OF CLIENTS

A few of its clients of the boom days, who turned into its targets for successful legal action in the bust days, include:

Sturbridge Investment Corporation, which is located in Pete Kalavritinos's houses; the Dorfman brothers, Richard, Arnold and Burton; builder Pearl Kelly; Ervin Unger; the Formants, and Basil Gogos.

James M. Thompson, Chairman of City Bank, refused to comment to reporters on his bank's lending practices.

The fourth new bank that put up dollars for the speculator's game was Old Line National of Maryland.

All of the officers of the bank have been changed in the past six weeks, Old Line's new executive vice president, Patrick J. Moses, told reporters.

"We're financially sound and have no problems," Moses said. He minimized court suits that have resulted in judgments against slum speculators like Pearl Kelly ($14,800), General Property Investment Corp., headed by Ervin Unger ($16,400), and a pending suit against George Kalavritinos for $4,499 due on a $12,499 loan.

Moses also said Old Line had advanced large loans to Burton Dorfman with varying results. Two went well, but the bank had to foreclose on 1420 Clifton st. nw. after Dorfman had drawn all of a $365,000 construction loan, made by Old Line and another bank and had failed to complete the building.

"We will spend $100,000 to put the building in sellable shape," Moses said. "We already have a buyer."

He could offer no explanation for the bank's involvement with slum speculators. "That was before I came . . . The directors have made serious and important changes here. We're trying very hard here."

His words reflect a realization on the part of many members of Washington's money lending world that things have not been all they should be. Some banks and savings and loan organizations are groping about in the twilight of an incredible decade in housing speculation in the Nation's Capital.

[From the Washington Post, Jan. 14, 1969]

MORTGAGING THE GHETTO—X—SLUM SPECULATION SEEMS DEAD, BUT IT COULD REVIVE

(By Leonard Downie, Jr. and Jim Hoagland)

Slum speculation in Washington is dead, say many of the speculators themselves and some of the savings and loan operators who helped finance them.

Don't believe it, says a lawyer who has represented many speculators in court over the years.

"This is just a phase in a cycle that has repeated itself several times in this town," he says. "A credit squeeze or some action by the Federal regulatory agencies can slow things down for a while. But then it will all start up again. It's happened that way before."

Land records show that some of the city's savings and loans that stay away from speculator dealings now built up their loan business a decade or two or three ago with loans to speculators. Later, sometimes after warnings about their loan practices from Federal authorities, these associations sought other customers, and the speculators turned to a new group of ambitious young savings and loans.

Generations of speculators have fed on the migrations of low-income white and Negro families from one part of Washington to another.

They moved from the old Southwest and Georgetown slums to what are now the near Northwest and Northeast urban renewal areas, then to the Shaw area, and, most recently, to more distant, quiet neighborhoods like Brightwood and Petworth in the Northwest, Woodbridge and Brookland in the Northeast, and Fort Stanton in the Southeast.

Right now, some speculators say, the current tight money market and a crackdown on code enforcement by the city housing inspectors are driving them out of business.

Reporters have found, however, that some of the speculators who have lost or are giving up much of their holdings, or are being sued in court for unpaid debts, are still driving luxury cars and taking trips to distant vacation spas.

Many other speculators are still buying and selling properties, they say, financed by a new group of savings and loans and by loans guaranteed by the Federal Housing Administration. FHA-insured loans have only recently become widely available to black home buyers here.

REASONS CITED

People involved in or close to the speculator-savings and loan system cite these reasons for the flourishing, year-in and year-out, of the practices uncovered by The Washington Post in its year-long investigation:

Failure of authorities to prosecute savings and loan operators or speculators for apparent violations of Federal savings and loan regulations, and Federal and D.C. criminal laws.

Loopholes in D.C. regulations covering the buying and selling of property.

Failure of the D.C. Real Estate Commission or any other arm of the city government, except the housing inspectors, to take any action to correct slum-speculation practices despite city officials acknowledging readily that slum speculation is generally harmful to the city.

Encouragement that present income and real estate tax laws give real estate investors to buy and sell property, to mortgage their property heavily, and to do little to maintain it.

Lack of regulation of local title settlement firms that help make possible the manipulation of real estate transactions by some savings and loan operators and speculators to their advantage, and to the disadvantage of Negro customers.

Involvement of respected professional men in the system, especially lawyers, some of whom closely advise slum speculators on how to take advantage of the system, who help finance speculators, or who speculate themselves.

Inaction of the local bar to do anything about a few attorneys charged in court suits and grievance complaints with highly questionable practices in slum speculation dealings.

Failure of the savings and loan industry, real estate brokers and the Federal Housing Administration to provide for Negroes the same opportunity to make safe, economical investments in home buying that have been available since the Depression to white families.

The resulting dearth of any viable alternatives to the speculators' system for tens of thousands of Negro families seeking a home to buy or an apartment to rent.

SPECULATORS PROSPER

For decades, the slum speculator has prospered free of competition from established real estate investors, free of the theoretical constraint of regulations and free from prosecution when laws are broken.

It is illegal under District of Columbia law, for instance, to use straw parties, simulated sales or other means to inflate prices "for the purpose . . . of misleading others as to the value" of property.

Last year a Neighborhood Legal Services lawyer wrote D.C. Corporation Counsel Charles Duncan to ask him to investigate the "common suspicion" that speculators are violating this D.C. law by artificially inflating property values in Negro neighborhoods.

Duncan answered the attorney with a letter stating that without evidence of specific transactions, "there is little we can do at this time to correct the evils which you cite."

DUNCAN'S STAND

His office was "not in the practice of conducting general investigations" of the kind needed to gather such evidence, Duncan added. He advised the attorney to write to the District Real Estate Commission.

But the Real Estate Commission, even though armed with an arsenal of regulations governing mortgage brokers, does not check up on much of what the slum speculators are doing.

It seems that once a speculator buys a property (as they usually do before mortgaging and reselling it), he becomes, in the eyes of the law, a "home owner."

The speculator is not technically acting as a real estate broker in this kind of transaction, the Real Estate Commission has said, and therefore can not be regulated by the Commission under the law, as now written. The Real Estate Commission, composed of real estate investors, has not sought a change in the regulations from the city government.

Federal Home Loan Bank officials have acknowledged that a number of practices uncovered in The Washington Post investigation do appear to violate Loan Bank Board regulations and the Federal law that authorizes the regulations.

They refused to discuss with reporters cases of any specific individuals or savings and loans, or to explain why there have been no prosecutions.

Generally, said Paul Bowman, supervisor for this region, the Bank Board's interest is to put troubled savings and loans back on a sound footing.

S. & L. FIRMS MERGED

They are now going about this quietly in Washington, Bowman and other officials acknowledged. They have merged Republic Savings and Loan out of existence and warned a handful of other savings and loans, which they would not name, to cease certain practices, mostly in connection with loans to speculators.

For years, the Bank Board officials told reporters, they had warned savings and loans about some of these practices. But the savings and loans have always answered by saying that their loans to speculators were being repaid on time.

Tight money changed much of that recently. And the troubles of Republic have shocked and chastened the operators of a few other savings and loans who came under fire from the Home Loan Bank Board.

Regional supervisor Bowman also insists that new regulatory powers spelled out under a 1966 law, will help the Bank Board lean more heavily on recalcitrant savings and loans. Among the new powers is authority to obtain a court order for a savings and loan to "cease and desist" dangerous practices.

When Republic careened into financial trouble, its dividend rate was cut by the Bank Board in an attempt to force the association to tighten its belt. Republic's depositors received smaller dividends on their deposits.

Then, to merge Republic with a healthy savings and loan, the Federal Savings and Loan Insurance Corporation guaranteed to absorb up to $17 million in possible losses of Republic assets. The Insurance Corporation funds come from required premiums from member savings and loans across the country. Those premiums come from savings and loans "income, not from depositors" accounts or dividends.

Court suits and interviews have shown that the slum speculation system has depended heavily on one part of the industry that goes completely unregulated: the title settlement offices.

In the majority of property sales and mortgage loan deals, the paperwork and the transfers of money, mortgages and deeds are handled by clerks of title firms in transactions called "settlements."

TITLE CLERK'S ROLE

When a person is buying a house from a speculator, he often is under the impression that the settlement is a protective, official dealing in which his interests, as well as those of the seller, are protected by an impartial title clerk.

But lawsuits filed here claim that this is often not so. Some title clerks, whose livelihood depends largely on the fees from business brought to them by speculators, perform many services, the suits say, that favor the speculator:

When the speculator signs a contract to purchase a house for, say, $10,000, the title clerk will hold up settlement on the deal (sometimes for months, court suits show) until the speculator is able to arrange to borrow, say, $10,000 from a savings and loan and avoid making any cash investment himself.

When the speculator then turns around and immediately sells that house (with some repairs made on it, the speculator says) for, say, $15,000 to a new home buyer, the title clerk does not volunteer to the buyer information that the speculator had just bought the same house for $5000 less than what he is now charging for it.

The clerk may even hold up public filing of the papers in the $10,000 sale to the speculator until the $15,000 sale to the home buyer is made.

Title clerks have sometimes held up payment of checks signed by speculators to other people, while giving the speculators signed but uncompleted title company checks to fill in, court suits say.

SETTLEMENT COSTS

Suits show that many home buyers are surprised by the large amount of settlement costs charged them by the title clerk. Sometimes, suits show, they total nearly $1000 for a $15,000 to $20,000 sale, much higher than the average claimed by large title firms for their transactions.

Settlement sheets filed with some suits resemble sieves, with the home buyer's money falling through a dozen or more holes itemized on the sheet: title search fees, settlement costs, insurance, fees for drawing up and filing papers, loan fees paid to the savings and loan and, sometimes, additional fees paid directly to the speculator (above the price of the house) or others.

Land records and lawsuits show that each major slum speculator here has dealt reg-

ularly with just one or two title settlement clerks.

For years, most of the few clerks favored by speculators worked at the District-Realty Title Insurance Corp. and antecedent firms headquartered at 1424 K st. nw. and 1413 I st. nw.

Shortly after the ownership of District-Realty changed hands in 1964, these clerks left the big title firm. Some of them established small title offices of their own. Most of them performed only title settlements in these offices, and title searches and title insurance business was farmed out to the large, established title companies.

Among these title clerks are:

Francis Craven, Brady Higgins, and J. A. Rushing—all now at Metropolitan Settlements, Inc., headquartered at 411 Kennedy st. nw.

Charles and Lawrence Mitchell—now at Berks Title Insurance Co., 1413 I st. nw.

Lawrence Sinclitico—who now runs District Settlements, Inc., 1522 K st. nw.

Richard Sugarman and William Carter—who now run City Title and Escrow at 706 Kennedy st. nw.

Another title clerk who has many transactions for slum speculators, land records show, is Charlotte L. Horan of Lyon, Roache and Horan, 1012 17th st. nw.

LICENSED AS NOTARIES

All of these clerks are also licensed as notary publics in the District of Columbia.

Court suits show that some of them also arrange loans to speculators and home buyers and buy second mortgages generated by speculators.

Richard Sugarman is also an officer of the Fairlawn Mortgage and Investment Corp., now located in City Title's office at 706 Kennedy st. nw. He is named as defendant in some court suits charging that second mortgages arranged or bought by Fairlawn or Sugarman himself were for considerably more than home owners believed they had borrowed. Land records show that Fairlawn has also bought, mortgaged and sold slum houses.

No D.C. laws regulate actions of title clerks, or anyone else, in the settlement of sales and mortgage transactions. The clerks are not required to be impartial or to protect the interests of inexperienced home buyers.

Title settlements are just one phase of the system that may work to favor speculators. Another is the tax structure.

The National Commission on Urban Problems, headed by former Sen. Paul Douglas of Illinois, is concluding, based on a year's study, that Federal tax laws actually encourage deterioration of inner-city property and greatly benefit those who buy and sell it.

The speculator's profits on buying and selling property held over six months are not taxed as ordinary income, but are lower than ordinary personal rates in the higher tax brackets.

If the speculator can borrow more money from a savings and loan in mortgaging a property than he originally paid for it, he can spend the excess, and it is not taxable.

DEPRECIATION SCALE

Depreciation is really the raison d'etre for much apartment building speculation. Frequently speculators have cash incomes in the hundreds of thousands of dollars, but their tax paid is lower than that of many of their poor tenants.

The reason is that the owner of a building can depreciate that building at a very high rate during the first years he owns it. When in later years the allowable depreciation goes down, he can sell that building to another landlord who, in turn, starts depreciating the building all over again, while the original landlord has bought another to start depreciating.

A building does not have to be "new" to be depreciated, although new buildings can be depreciated at a higher rate. Sometimes, businessmen swap comparable properties to defer paying capital gains taxes.

To illustrate: A speculator pays $200,000 for a ten-year-old apartment building. The money left over from rents at the end of the year, after making interest and mortgage payments and paying for necessary repairs, may amount to $15,000. The speculator's income, subject to tax, however, may be nothing.

To begin with, he uses what the Internal Revenue Service calls "the 150 per cent declining balance formula" for depreciating the property.

If the building has what IRS calls a "life" of 25 years, even though he may not have put a cent of his own money into the building, he can deduct $12,000 from his taxable income, plus his expenses of maintaining the investment.

To add to that, he also deducts the interest payments on his loan, which would run into many thousands of dollars.

All of this means that he is taxed little or nothing on this investment. Many businessmen wind up with a minus tax balance on particular investments and, in the example above, not only is the $15,000 cash flow protected, the businessmen probably would have deductions in excess of that to lessen taxes on other income.

These investments are usually referred to as "tax shelters."

There is evidence that what happens in Washington apparently is typical for the Nation's big cities.

CHICAGO STUDY

A group of Jesuit seminarians and college students who have spent the last two years in Chicago's west side ghetto made a study of the buying and selling by slum speculators there of hundreds of houses and buildings.

The pattern they found of the speculator buying for one price, getting a favorable mortgage and selling at a much higher price, with an attractively low down payment, matches the pattern here. In a typical case cited by the study team, a family wound up indebted to pay $22,000 interest on the mortgages they owed on a $25,000 home purchase in the ghetto (the speculator had paid $14,000 for the house).

The study team also blamed savings and loans and banks that would not lend directly to Negroes, the FHA, established real estate brokers, and the legal system for allowing the speculators to flourish there.

The students organized ghetto residents into picket and other protest groups that succeeded in forcing some speculators to renegotiate sales contracts to many home buyers and cut sharply the buyers' indebtedness.

The need seems to be apparent for both local and national agencies, revolutionary in scope and power, to finance economical home-buying for Negro families, regulate speculators and others in innercity real estate dealings and come up with new ideas for housing low-income families.

Overpriced and overmortgaged inner-city houses and apartment buildings, many of them already abandoned by their owners, are now available, here and in other cities, for someone to do something with. But there are problems with removing the mortgages on them, finding the money to renovate them and still making them available at reasonable cost to low-income families.

The city's public housing authority could move in on the city's now-decaying buildings, condemn them, take them over by assuming the mortgages, renovate them and use them for badly needed, scattered-site public housing.

NEW HOUSING LAWS

But this would not solve the problem of those many buildings that have not been abandoned.

Recently passed Federal law provides a broad variety of new ways to provide low-income housing, including low interest loans to buyers and renovation financing. But Congress appropriated very little money for this use, and there is still much confusion over administration of the grants.

Already there is internecine warfare between two nonprofit housing groups in Washington over just what and how to do something here. Both the Urban Rehabilitation Corporation, financed by the Catholic Archdiocese here, and the Housing Development Corporation, headed by the city's Democratic National Committeeman, the Rev. Channing E. Phillips, are well motivated, but are sniping at each other.

There is no agency to coordinate their efforts, or to guide them through the machinations of bureaucracies. Two other, smaller nonprofit housing groups have had to hire slum speculators, like Nathan Habib and attorney Kurt Berlin, to show them where properties are and how to get them.

Just as the burned-out buildings on 14th Street nw. are grim reminders of Washington's 1968 riots, the abandoned moldering houses and shabby apartment buildings, those financial institutions in turmoil, and the Negro families faced with seemingly impossible debts are the grim reminders of the last whirlwind decade of speculation in the growing ghetto here.

RECESS

The SPEAKER. The Chair declares a recess until approximately 8:40 o'clock p.m. this evening, subject to the call of the Chair. The bells will be rung.

Accordingly (at 12 o'clock and 21 minutes p.m.), the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 8 o'clock and 48 minutes p.m.

JOINT SESSION OF THE HOUSE AND SENATE HELD PURSUANT TO THE PROVISIONS OF HOUSE CONCURRENT RESOLUTION NO. 77 TO HEAR AN ADDRESS BY THE PRESIDENT OF THE UNITED STATES

The SPEAKER of the House presided.

The Doorkeeper, Hon. William M. Miller, announced the Vice President and Members of the U.S. Senate who entered the Hall of the House of Representatives, the Vice President taking the chair at the right of the Speaker, and the Members of the Senate the seats reserved for them.

The SPEAKER. The Chair appoints as members of the committee on the part of the House to escort the President of the United States into the Chamber the gentleman from Oklahoma, Mr. ALBERT; the gentleman from Louisiana, Mr. BOGGS; the gentleman from New York, Mr. CELLER; the gentleman from Texas, Mr. PATMAN; the gentleman from Texas, Mr. MAHON; the gentleman from Michigan, Mr. GERALD R. FORD; the gentleman from Illinois, Mr. ARENDS; the gentleman from Texas, Mr. BUSH; and the gentleman from Texas, Mr. PRICE.

The VICE PRESIDENT. On the part of the Senate the Chair appoints as members of the committee of escort the Senator from Georgia, Mr. RUSSELL; the Senator from Montana, Mr. MANSFIELD; the Senator from Massachusetts, Mr. KENNEDY; the Senator from West Virginia, Mr. BYRD; the Senator from Louisiana,

Mr. ELLENDER; the Senator from Illinois, Mr. DIRKSEN; the Senator from Pennsylvania, Mr. SCOTT; the Senator from Vermont, Mr. AIKEN; the Senator from North Dakota, Mr. YOUNG; and the Senator from Colorado, Mr. ALLOTT.

The Doorkeeper announced the ambassadors, ministers, and chargés d'affaires of foreign governments.

The ambassadors, ministers, and chargés d'affaires of foreign governments entered the Hall of the House of Representatives and took the seats reserved for them.

The Doorkeeper announced the Chief Justice of the United States and the Associate Justices of the Supreme Court.

The Chief Justice of the United States and the Associate Justices of the Supreme Court entered the Hall of the House of Representatives and took the seats reserved for them in front of the Speaker's rostrum.

The Doorkeeper announced the Cabinet of the President of the United States.

The members of the Cabinet of the President of the United States entered the Hall of the House of Representatives and took the seats reserved for them in front of the Speaker's rostrum.

At 9 o'clock and 2 minutes p.m., the Doorkeeper announced the President of the United States.

The President of the United States, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives, and stood at the Clerk's desk.

[Applause, the Members rising.]

The SPEAKER. My distinguished colleagues in the Congress, I have the high privilege and the distinct honor not only officially but personally to me of presenting to you the President of the United States.

[Applause, the Members rising.]

THE STATE OF THE UNION—ADDRESS BY THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 91-1)

The PRESIDENT. Thank you very much. Mr. Speaker, Mr. President, Members of the Congress and my fellow Americans, for the sixth and the last time, I present to the Congress my assessment of the State of the Union.

I shall speak to you tonight about challenge and opportunity, about the commitments that all of us have made together that will, if we carry them out, give America our best chance to achieve the kind of a great society that we all want.

Every President lives, not only with what is, but with what has been, and what could be.

Most of the great events in his Presidency are parts of a larger sequence extending back through several years and extending back through several other administrations.

Urban unrest, poverty, pressures on welfare, education of our people, law enforcement and law and order, the continuing crisis in the Middle East, the conflict in Vietnam, the dangers of nuclear war, the great difficulties of dealing with the Communist powers, all have this much in common.

They and their causes, the causes that gave rise to them, all of these have existed with us for many years. Several Presidents have already sought to try to deal with them. One or more Presidents will try to resolve them or try to contain them in the years that are ahead of us.

But if the Nation's problems are continuing, so are this great Nation's assets: our economy, the democratic system, our sense of exploration, symbolized most recently by the wonderful flight of the Apollo 8 in which all Americans took great pride, and the good common sense and sound judgment of the American people and their essential love of justice.

We must not ignore our problems. But neither should we ignore our strengths. Those strengths are available to sustain a President of either party, to support his progressive efforts, both at home and overseas.

Unfortunately, the departure of an administration does not mean the end of the problems that this administration has faced. The effort to meet the problems must go on, year after year, if the momentum that we have all mounted together in these past years is not to be lost.

Although the struggle for progressive change is continuous, there are times when a watershed is reached—when there is—if not really a break with the past—at least the fulfillment of many of its oldest hopes, and a stepping forth into a new environment to seek new goals.

And I think the past five years have been such a time. We have finished a major part of the old agenda. Some of the laws we wrote have already, in front of our eyes, taken on the flesh of achievement.

Medicare, that we were unable to pass for so many years, is now a part of American life. Voting rights, and the voting booth, that we debated so long back in the '50s—and the doors to public service—are open at last to all Americans, regardless of their color. Schools and school children all over America tonight are receiving Federal assistance to go to good schools, and pre-school education Head Start is already here to stay, and I think so are the Federal programs that tonight are keeping more than a million and a half of our cream of our young people in the colleges and universities of this country.

Part of the American earth—not only in a description on a map, but in the reality of our shores and our hills and our parks and our forests and our mountains—has been permanently set aside for the American public and for their benefit, and there is more that is going to be set aside before this administration ends.

Five million Americans have been trained for jobs in new Federal programs—and I think it is most important that we all realize tonight that this nation is close to full employment, with less unemployment than we have had at any time in almost 20 years—and that is not in theory—that is in fact. Tonight the unemployment rate is down to 3.3%. The number of jobs has grown by more than 8½ million in the last five years—and that is more than in all the preceding twelve years.

These achievements completed the full cycle—from idea to enactment, and finally to a place in the lives of citizens all across this country.

I wish it were possible to say that everything that this Congress and the Administration achieved during this period had already completed that cycle, but a great deal of what we have committed needs additional funding to become a tangible realization.

Yet, the very existence of those commitments—those promises to the American people made by this Congress and by the Executive Branch of the government are achievements in themselves and the failure to carry through on our commitments would be tragedy for this nation.

This much is certain: no one man or group of men made these commitments alone. Congress and the Executive Branch with their checks and balances reasoned together and finally wrote them into the law of the land. They now have all the moral force that the American political system can summon when it acts as one.

They express America's common determination to achieve goals. They imply action.

In most cases, you have already begun that action but it is not fully completed, of course.

Let me speak for a moment about these commitments, and I am going to speak in the language that the Congress itself spoke when it passed these measures. I am going to quote from your words.

IMPROVING THE QUALITY OF LIFE

—In 1966 Congress declared that "improving the quality of urban life is the most critical domestic problem facing the United States." Two years later, it affirmed the historic goal of "a decent home . . . for every American family." That is your language.

Now to meet these commitments, we must increase our support for the Model Cities program, where blueprints of change are already being prepared in 150 American cities.

To achieve the goals of the Housing Act of 1968, which was just passed, we should begin this year more than 500,000 homes for needy families in the coming fiscal year. Funds are provided in the new budget to do this. And this is almost ten times, ten times the average rate of the past ten years.

Our cities and our towns are being pressed for funds to meet the needs of their growing populations. I believe an Urban Development Bank should be created by the Congress. This Bank could obtain resources through the issuance of taxable bonds, and it could lend these resources at reduced rates to communities throughout the land for schools, hospitals, parks, and other public facilities.

INSURING A LIFE OF DIGNITY

—Since the enactment of the Social Security Act in 1935, Congress has recognized the necessity to "make more adequate provision for aged persons . . . maternal and child welfare . . . and public health."

And that is the words of Congress.

The time has come, I think, to make it more adequate and I think we should increase social security benefits, and I am so recommending.

I am suggesting that there should be an overall increase in the benefits of at least 13%. Those who receive only the minimum of $55 should get $80 a month.

Our nation is rightly proud of its medical advances. But we should remember that our country ranks 15th among the nations of the world in its infant mortality rate.

I think we should assure decent medical care for every expectant mother, and for their children during the first year of their life in the United States of America.

I think we should protect our children and their families from the costs of catastrophic illness.

I think nothing is clearer than the commitment that Congress made to end poverty. Congress expressed it well, I think, in 1964 when they said:

"It is the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this nation," this, the richest nation in the world.

The anti-poverty program has had many achievements, and it also has some failures. But we must not cripple it after only three years of trying to solve the human problems that have been with us and have been building up among us for generations. I believe the Congress this year will want to improve the administration of the poverty program by reorganizing portions of it and transferring them to other agencies. I believe, though, it will want to continue until we have broken the back of poverty with the efforts we are now making throughout this land.

I believe and I hope the next administration, I believe they believe, is that the key to success in this effort is jobs, is work for people who want to work. In the budget for fiscal 1970, I shall recommend a total of $3.5 billion for our job training programs, and that is five times as much as we spent in 1964, trying to prepare Americans so they can work to earn their own living.

The nation's commitments in the field of civil rights began with the Declaration of Independence. They were extended by the Thirteenth, and Fourteenth, and Fifteenth Amendments, and they have been powerfully strengthened by the enactment of three far-reaching civil rights laws within the past five years that this Congress in its wisdom passed.

On January the first of this year, the Fair Housing Act of 1968 covered over twenty million American homes and apartments. The prohibition against racial discrimination in that Act should be remembered and it should be vigorously enforced throughout this land.

I believe we should also extend the vital provisions of the Voting Rights Act for another five years.

PROTECTING LIFE

In the Safe Streets Act of 1968, Congress determined "To assist state and local governments in reducing the incidence of crime."

This year I am proposing that the Congress provide the full $300 million that the Congress authorized to do just that. And I hope the Congress will put the money where the authorization is.

I believe this is an essential contribution to justice and to public order in the United States. And I hope these grants can be made to the states and they can be used effectively to reduce the crime rate in this country.

But all of this is only a small part of the total effort that must be made, I think chiefly by the local governments throughout the nation, if we expect to reduce the toll of crime that we all detest.

Frankly, as I leave the office of the Presidency, one of my greatest disappointments is our failure to secure passage of a licensing and registration act for firearms. I think if we had passed that act, it would have reduced the incidence of crime, and I believe that the Congress should adopt such a law, and I hope that it will at a not too distant date.

IMPROVING GOVERNMENT

In order to meet our long-standing commitment to make government as efficient as possible, I believe we should reorganize our postal system along the lines of the Kappel Report. I hope we can all agree that public service should never impose an unreasonable financial sacrifice on able men and women who want to serve their country.

So I believe that the recommendations of the Commission on Executive, Legislative and Judicial Salaries are generally sound. Later this week I shall submit a special message which I reviewed with the leadership this evening containing a proposal that has been reduced and has modified the Commission's recommendation to some extent on the Congressional salaries. For Members of Congress I will recommend a basic compensation not at the $50,000 unanimously recommended by the Kappel Commission and the other distinguished Members, but I shall reduce that $50,000 to $42,500. And I will suggest that Congress appropriate a very small additional allowance for official expenses so that Members will not be required to use their salary increase for essential official business.

I would have submitted the Commission's recommendations except that the advice that I received from the leadership—and you usually are consulted about matters that affect the Congress—was that the Congress would not accept the $50,000 recommendation and if I expected my recommendation to be seriously considered I should make substantial reductions. That is the only reason I did not go along with the Kappel report.

In 1967 I recommended to Congress a fair and impartial random selection system for the draft. I submit it again tonight for your most respectful consideration.

THE MEANS TO MEET OUR COMMITMENTS

I know that all of us recognize that most of the things we do to meet all of these commitments I talk about will cost money. And if we maintain the strong rate of growth that we have had in this country in the past eight years, I think we shall generate the resources that we need to meet these commitments.

We have already been able to increase our support of major social programs. Although we have heard a lot about not being able to do anything on the home front because of Vietnam, we have been able in the last five years to increase our commitments for such things as health and education from $30 billion in 1964 to $68 billion in the coming fiscal year. That is more than double. And that is more than it has ever been increased in the 188 years of this Republic, notwithstanding Vietnam.

We must continue to budget our resources and budget them responsibly in a way that will preserve our prosperity and will strengthen our dollar.

Greater revenues and the reduced Federal spending required by Congress last year have changed the budgetary picture dramatically since last January, when we made our estimates. At that time you will remember that we estimated would have a deficit of $8 billion. Well, I am glad to report to you tonight that for the fiscal year ending June 30, 1969, this June, we are going to have not a deficit, but we are going to have a $2.4 billion surplus.

You will receive the budget tomorrow, that is the budget for the next fiscal year that begins next July the 1st, which you will want to examine very carefully in the days ahead. It will provide a $3.4 billion surplus.

This budget anticipates the extension of the surtax that Congress enacted last year. I have communicated with President-elect Nixon in connection with this policy and continuing the surtax for the time being. I want to tell you that both of us want to see it removed just as soon as circumstances will permit, but the President-elect has told me that he has concluded that until his Administration and this Congress can examine the appropriation bills and each item in the budget and can ascertain that the facts justify permitting the surtax to expire or be reduced, he, Mr. Nixon, will support my recommendation that the surtax be continued.

Americans, I believe, are united in the hope that the Paris talks will bring an early peace to Vietnam. And if our hopes for an early settlement of the war are realized, then our military expenditures can be reduced, and very substantial savings can be made, to be used for other desirable purposes as the Congress may determine.

In any event, I think it is imperative that we do all we responsibly can to resist inflation, while maintaining our prosperity.

I think all Americans know that our prosperity is broad and it is deep—that it has brought record profits—the highest in our history—record wages—our gross national product has grown more in the last five years than in any other period in our nation's history—our wages have been the highest, our profits have been the best—and this prosperity has enabled millions to escape the poverty that they would have otherwise had the last few years.

And I think also you will be very glad to hear that the Secretary of the Treasury informs me tonight that in 1968 in our balance of payments we have achieved a surplus. It appears that we have, in fact, done better this year than

we have done in any year in this regard since the year 1957.

THE QUEST FOR PEACE

The quest for a durable peace has, I think, absorbed every Administration since the end of World War II.

It has required us to seek a limitation of arms races, not only among the super-powers, but among the smaller nations as well. We have joined in the Test Ban Treaty of 1963, the Outer Space Treaty of 1967, the treaty against the spread of nuclear weapons in 1968.

And this latter agreement—the Non-Proliferation Treaty—is now pending in the Senate and it has been pending there since last July. In my opinion, delay in ratifying it is not going to be helpful to the cause of peace. America took the lead in negotiating this treaty, and America should now take steps to have it approved at the earliest possible date.

And until a way can be found to scale down the level of arms among the superpowers, mankind cannot view the future without fear and great apprehension. So I believe that we should resume talks with the Soviet Union about limiting offensive and defensive missile systems. And I think they would have already been resumed except for Czechoslovakia and our election this year.

It was more than 20 years ago that we embarked on a program of trying to aid the developing nations. We knew then that we could not live in good conscience as a rich enclave on an earth that was seething in misery. And during these years there have been great advances made under our program, particularly against want and hunger. And although we were disappointed at the appropriations last year—we thought they were awfully inadequate—this year I am asking for adequate funds for economic assistance in the hope that we can further peace throughout the world.

I think we must continue to support efforts in regional cooperation. Among those efforts, that of Western Europe has a very special place in America's concern.

The only course that is going to permit Europe to play the great role, the world role that its resources permit, is to go forward to unity. I think America remains ready to work with a united Europe, work as a partner, on the basis of equality.

For the future, the quest for peace I believe requires that we maintain the liberal trade policies that have helped us become the leading nation in world trade; that we strengthen the international monetary system as an instrument of world prosperity; and that we seek areas of agreement with the Soviet Union where the interests of both nations, and the interests of world peace, are properly served.

The strained relationship between us and the world's leading Communist power has not ended, especially in the light of the brutal invasion of Czechoslovakia. The totalitarianism is no less odious to us, because we are able to reach some accommodation that reduces the danger of world catastrophe. What we do, we do in the interest of peace in the world and we earnestly hope that time will bring a Russia that is less afraid of diversity and individual freedom.

VIETNAM AND THE MIDDLE EAST

The quest for peace tonight continues in Vietnam, and in the Paris talks.

I regret more than any of you know it has not been possible to restore peace to South Vietnam. The prospects I think for peace are better today than at any time since North Vietnam began its invasion into its regular forces more than four years ago. And, the free nations of Asia know what they were not sure of at that time, that America cares about their freedom, and it also cares about America's own vital interests in Asia and throughout the Pacific.

The North Vietnamese know that they cannot achieve their aggressive purposes by force. There may be hard fighting before a settlement is reached; but I can assure you it will yield no victory to the Communist cause.

I cannot speak to you tonight about Vietnam without paying a very personal tribute to the men who have carried the battle out there for all of us, and I have been honored to be their Commander-in-Chief. The Nation owes them its unstinting support while the battle continues, and its enduring gratitude when their service is done.

Finally, the quest for stable peace in the Middle East goes on in many capitals tonight. America fully supports the unanimous resolution of the U.N. Security Council which points the way. There must be a settlement of the armed hostility that exists in that region of the world today. It is a threat not only to Israel and to all the Arab states, but it is a threat to every one of us and to the entire world as well.

A MESSAGE TO CONGRESS

Now, my friends in Congress, I want to conclude with a few very personal words to you.

I rejected and rejected and then finally accepted the congressional leadership's invitation to come here to speak this farewell to you in person tonight. I did that for two reasons. One was philosophical. I wanted to give you my judgment as I saw it on some of the issues before our nation as I view them before I leave.

The other was just pure sentimental. [Applause, Members rising.] Most all of my life as a public official has been spent here in this building. For thirty-eight years—since I worked on that gallery as a doorkeeper in the House of Representatives—I have known these halls and I have known most of the men pretty well who walked them. I know the questions that you face, I know the conflicts that you endure, I know the ideals that you seek to serve.

I left here first to become Vice President, and then to become—in a moment of tragedy—the President of the United States. My term of office has been marked by a series of challenges both at home and throughout the world. In meeting some of these challenges, the nation has found a new confidence. In meeting others, it knew turbulence and doubt, and fear and hate.

Throughout this time, I have been sustained by my faith in representative democracy—a faith that I had learned here in this Capitol Building as an employee and as a Congressman, and as a Senator. I believe deeply in the ultimate purposes of this nation—described by the Constitution, tempered by history, embodied in progressive laws, and given life by men and women who have been elected to serve their fellow citizens.

For five most demanding years in the White House, I have been strengthened by the counsel and the cooperation of two great former Presidents, Harry S. Truman and Dwight David Eisenhower. I have been guided by the memory of my pleasant and close association with the beloved John F. Kennedy, and with our greatest modern legislator, Speaker Sam Rayburn. I have been assisted by my friend every step of the way, Vice President HUBERT HUMPHREY. I am so grateful that I have been supported daily by the loyalty of Speaker MCCORMACK and Majority Leader ALBERT. I have benefited from the wisdom of Senator MIKE MANSFIELD, and I am sure I have avoided many dangerous pitfalls by the good common sense counsel of the President Pro Tempore of the Senate, Senator RICHARD B. RUSSELL of the State of Georgia. I have received the most generous cooperation from the leaders of the Republican Party in the Congress of the United States, Senator DIRKSEN and Congressman GERALD R. FORD, the minority leader.

No President should ask for more, although I did upon occasion. But few Presidents have ever been blessed with so much.

President-elect Nixon in the days ahead is going to need your understanding, just as I did. He is entitled to have it. I hope every Member will remember that the burdens he will bear as our President will be borne for all of us. Each of us should try not to increase these burdens for the sake of narrow personal or partisan advantage.

And now it is time to leave.

I hope it may be said, a hundred years from now, that by working together we helped to make our country more just, more just for all of its people—as well as to insure and guarantee the blessings of liberty for all of our posterity. That is what I hope, but I believe that it will be said that we tried.

Thank you.

[Applause, the Members rising.]

At 9 o'clock and 50 minutes p.m., the President of the United States, accompanied by the committee of escort, retired from the Hall of the House of Representatives.

The Doorkeeper escorted the invited guests from the Chamber in the following order:

The members of the President's Cabinet.

The Chief Justice of the United States and the Associate Justices of the Supreme Court.

The ambassadors, ministers, and chargés d'affaires of foreign governments.

JOINT SESSION DISSOLVED

The SPEAKER. The Chair declares the joint session of the two Houses now dissolved.

Accordingly, at 9 o'clock and 56 minutes p.m., the joint session of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

The SPEAKER. The House will be in order.

RESIGNATION FROM THE COMMITTEE ON HOUSE ADMINISTRATION

The SPEAKER laid before the House the following resignation from a committee:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., January 14, 1969.

Hon. JOHN W. MCCORMACK,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I herewith submit my resignation from the House Administration Committee of the House of Representatives.

Respectfuly,

SAM M. GIBBONS,
U.S. Congressman.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

MESSAGE OF THE PRESIDENT

Mr. ALBERT. Mr. Speaker, I move that the message of the President of the United States be referred to the Committee of the Whole House on the State of the Union and ordered printed.

The motion was agreed to.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. ALBERT, on Thursday, January 16, for 1 hour; and to revise and extend his remarks.

Mrs. SULLIVAN, for 10 minutes, today; to revise and extend her remarks and include extraneous matter.

Mr. PICKLE (at the request of Mr. CAFFERY), for 30 minutes, on January 16; to revise and extend his remarks and to include extraneous matter.

EXTENSIONS OF REMARKS

By unanimous consent, permission to extend remarks was granted to:

Mr. DULSKI and to include extraneous matter in three instances.

(The following Members (at the request of Mr. ARENDS) to extend their remarks and include extraneous matter:)

Mr. DERWINSKI in three instances.
Mr. BURTON of Utah in 10 instances.
Mr. MIZE.
Mr. HUNT.
Mr. FRELINGHUYSEN.
Mr. NELSEN.
Mr. MORSE.
Mr. SCHERLE in two instances.
Mr. ZWACH in two instances.
Mr. MCCLORY.
Mr. UTT.
Mr. BROYHILL of Virginia.

(The following Members (at the request of Mr. CAFFERY) and to include additional matter in that section of the RECORD entitled "Extensions of Remarks":)

Mr. OTTINGER in two instances.
Mr. RODINO.
Mr. WILLIAM D. FORD.
Mr. DANIEL of Virginia.
Mr. EDWARDS of Louisiana.
Mr. ROSENTHAL in three instances.
Mr. O'NEAL of Georgia in two instances
Mr. BINGHAM.
Mr. MARSH in two instances.
Mr. FLOWERS.
Mr. TAYLOR in two instances.
Mr. FASCELL in two instances.
Mr. PICKLE in two instances.
Mr. PUCINSKI in six instances.
Mr. CELLER.
Mr. GONZALEZ in three instances.
Mr. RARICK in four instances.
Mr. BROWN of California.

(The following Members (at the request of Mr. MONTGOMERY) to revise and extend their remarks and include extraneous matter:)

Mr. FLOOD.
Mr. MURPHY of New York.
Mr. FEIGHAN.
Mr. GONZALEZ in three instances.
Mr. DULSKI.

ADJOURNMENT

Mr. MONTGOMERY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 58 minutes p.m.) the House adjourned until tomorrow, Wednesday, January 15, 1969, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clauses 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

215. A letter from the Secretary of Health, Education, and Welfare, transmitting the findings of the Department of Health, Education, and Welfare with respect to the coverage of drugs under part B of title XVIII of the Social Security Act, pursuant to the provisions of section 405 of the Social Security Amendments of 1967 (H. Doc. No. 91–43); to the Committee on Ways and Means and ordered to be printed.

216. A letter from the Secretary of Health, Education, and Welfare, transmitting the findings of the Department of Health, Education, and Welfare with respect to the establishment of quality and cost standards for drugs for which payments are made under the Social Security Amendments of 1967, pursuant to the provisions of section 405 of the Social Security Amendments of 1967 (H. Doc. No. 91–44); to the Committee on Ways and Means and ordered to be printed.

217. A letter from the president, Gorgas Memorial Institute of Tropical and Preventive Medicine, Inc., transmitting the 40th annual report of the work and operations of the Gorgas Memorial Laboratory for fiscal year 1968, pursuant to the provisions of 45 Stat. 491 (22 U.S.C. 278a) (H. Doc. No. 91–10); to the Committee on Foreign Affairs and ordered to be printed.

218. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on the demand for personnel and training in the field of aging, pursuant to the provisions of Public Law 90–42; to the Committee on Education and Labor.

219. A letter from the Secretary, Export-Import Bank of the United States, transmitting a report of the amount of Export-Import Bank insurance and guarantees issued in November 1968, in connection with U.S. exports to Yugoslavia, pursuant to the provisions of the Export-Import Bank Act of 1945, as amended, and the applicable Presidential determination thereunder, dated May 7, 1968; to the Committee on Foreign Affairs.

220. A letter from the Comptroller General of the United States, transmitting the annual report on the activities of the U.S. General Accounting Office during the fiscal year ended June 30, 1968, pursuant to the provisions of section 312(a) of the Budget and Accounting Act of 1921; to the Committee on Government Operations.

221. A letter from the Acting Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed concession contract under which Canyon Tours, Inc., will be authorized to continue to provide concession facilities and services for the public in Glen Canyon National Recreation Area, Ariz. and Utah, for a 30-year period from January 1, 1969, through December 31, 1998, pursuant to the provisions of 67 Stat. 271, as amended by 70 Stat. 543; to the Committee on Interior and Insular Affairs.

222. A letter from the Secretary of Transportation, transmitting a certified copy of the amendments to the regulations governing the numbering of undocumented vessels (primarily recreational craft), promulgated by the Commandant, U.S. Coast Guard, and submitted for publication in the Federal Register, pursuant to the provisions of 46 U.S.C. 527d; to the Committee on Merchant Marine and Fisheries.

223. A letter from the Naturalization Service, U.S. Department of Justice, transmitting a report on positions in the Immigration and Naturalization Service in grades GS–16, GS–17, and GS–18 during the 1968 calendar year, pursuant to the provisions of 5 U.S.C. 5114(a); to the Committee on Post Office and Civil Service.

224. A letter from the Secretary of the Army, transmitting a draft of proposed legislation to amend section 313 of the act approved October 27, 1965, as amended (82 Stat. 735); to the Committee on Public Works.

225. A letter from the Secretary of the Treasury, transmitting the statement of liabilities and other financial commitments of the U.S. Government as of June 30, 1968, pursuant to the provisions of section 402, Public Law 89–809 (80 Stat. 1590); to the Committee on Ways and Means.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXI, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANNUNZIO:

H.R. 3236. A bill to require all insured banks to clear checks at par; to the Committee on Banking and Currency.

H.R. 3237. A bill to guarantee productive employment opportunities for those who are unemployed or underemployed; to the Committee on Education and Labor.

H.R. 3238. A bill to amend the Immigration and Nationality Act; to the Committee on the Judiciary.

H.R. 3239. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

H.R. 3240. A bill to provide for improved employee-management relations in the Federal service, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 3241. A bill to amend title II of the Social Security Act to provide that no reduction shall be made in old-age benefit amounts to which a woman is entitled if she has 120 quarters of coverage; to the Committee on Ways and Means.

H.R. 3242. A bill to provide for orderly trade in iron ore, iron and steel mill products; to the Committee on Ways and Means.

H.R. 3243. A bill to regulate imports of milk and dairy products, and for other purposes; to the Committee on Ways and Means.

H.R. 3244. A bill to provide for the establishment of a mint of the United States at Chicago, Ill.; to the Committee on Public Works.

H.R. 3245. A bill to amend the Internal Revenue Code of 1954 to allow a deduction, for income tax purposes, based on expenses incurred by the taxpayer for the higher education of his children; to the Committee on Ways and Means.

H.R. 3246. A bill to amend the Tariff Schedules of the United States with respect to the rate of duty on whole skins of mink; to the Committee on Ways and Means.

By Mr. BERRY:

H.R. 3247. A bill to amend the act of December 11, 1963 (77 Stat. 349); to the Committee on Interior and Insular Affairs.

By Mr. BROOMFIELD:

H.R. 3248. A bill to amend title 10 of the United States Code to prohibit the assignment of a member of an armed force to combat area duty if certain relatives of such member died while serving in the Armed Forces in Vietnam; to the Committee on Armed Services.

H.R. 3249. A bill to provide for a national cemetery at Fort Custer, Mich.; to the Committee on Veterans' Affairs.

By Mr. BROWN of California:

H.R. 3250. A bill to appropriate funds for the construction of a multilevel parking facility in connection with the Federal building, 300 North Los Angeles Street, Los Angeles, Calif.; to the Committee on Appropriations.

H.R. 3251. A bill to provide for the issuance of a special postage stamp to commemorate the 200th anniversary of the San Gabriel Mission; to the Committee on Post Office and Civil Service.

H.R. 3252. A bill to amend title 38, United States Code, to assure availability of rent supplement payments and food coupons for certain seriously disabled veterans; to the Committee on Veterans' Affairs.

H.R. 3253. A bill to provide for the establishment of a national cemetery in Los Angeles County in the State of California; to the Committee on Veterans' Affairs.

H.R. 3254. A bill to amend title 38, United States Code, to establish a Court of Veterans' Appeals and to prescribe its jurisdiction and functions; to the Committee on Veterans' Affairs.

H.R. 3255. A bill to amend the Internal Revenue Code of 1954 to increase from $600 to $1,200 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemptions for a dependent, and the additional exemptions for old age and blindness); to the Committee on Ways and Means.

H.R. 3256. A bill to expand the definition of deductible moving expenses incurred by an employee; to the Committee on Ways and Means.

By Mr. CORMAN:

H.R. 3257. A bill to amend the Small Business Act to apply an acceptable credit risk standard for loans to small business concerns in certain high-risk areas; to the Committee on Banking and Currency.

By Mr. DENNEY:

H.R. 3258. A bill to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for insured operating loans, including loans to low-income farmers and ranchers, and for other purposes; to the Committee on Agriculture.

H.R. 3259. A bill providing for the addition of the Freeman School to the Homestead National Monument of America in the State of Nebraska, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 3260. A bill to amend the Federal Food, Drug, and Cosmetic Act to include a definition of food supplements, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DENNEY (for himself, Mr. HUNT, and Mr. BROTZMAN):

H.R. 3261. A bill to require the Bureau of the Budget to submit to the Congress certain monthly estimates concerning national income and expenditures; to the Committee on Government Operations.

By Mr. DERWINSKI:

H.R. 3262. A bill to provide for the transfer of income taxes to the States for use for educational and other purposes without Federal direction, control, or interference; to the Committee on Ways and Means.

H.R. 3263. A bill to amend the Internal Revenue Code of 1954 to allow an incentive tax credit for a part of the cost of constructing or otherwise providing facilities for the control of water or air pollution, and to permit the amortization of such cost within a period of from 1 to 5 years; to the Committee on Ways and Means.

By Mr. FRIEDEL (for himself and Mr. FALLON):

H.R. 3264. A bill to amend title II of the Merchant Marine Act, 1936, to create an independent Federal Maritime Administration, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. GARMATZ:

H.R. 3265. A bill to amend title 10, United States Code, to permit the recomputation of retired pay of certain members and former members of the Armed Forces; to the Committee on Armed Services.

By Mr. GILBERT:

H.R. 3266. A bill to amend title XVIII of the Social Security Act to permit payment thereunder, in the case of an individual otherwise eligible for home health services of the type which may be provided away from his home, for the costs of transportation to and from the place where such services are provided; to the Committee on Ways and Means.

H.R. 3267. A bill to amend the Internal Revenue Code of 1954 to grant an additional income tax exemption to a taxpayer supporting a dependent who is permanently handicapped; to the Committee on Ways and Means.

H.R. 3268. A bill to provide a deduction for income tax purposes, in the case of a disabled individual, for expenses for transportation to and from work, and to provide an additional exemption for income tax purposes for a taxpayer or spouse who is disabled; to the Committee on Ways and Means.

H.R. 3269. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder, and to provide that full benefits thereunder, when based upon the attainment of retirement age, will be payable to men at age 60 and to women at age 55; to the Committee on Ways and Means.

H.R. 3270. A bill to amend the Internal Revenue Code of 1954 to provide an additional income tax exemption to certain physically handicapped individuals; to the Committee on Ways and Means.

H.R. 3271. A bill to amend title IV of the Social Security Act to eliminate the mandatory work incentive program for recipients of aid to families with dependent children which was added by the Social Security Amendments of 1967; to the Committee on Ways and Means.

H.R. 3272. A bill to amend the Social Security Act to remove the provisions (added in 1967) which limit the number of children who may receive aid to families with dependent children under title IV and the families who may be eligible for medical assistance under title XIX; to the Committee on Ways and Means.

H.R. 3273. A bill to exempt inner tubes from Federal excise tax when used in certain toys; to the Committee on Ways and Means.

By Mr. GONZALEZ:

H.R. 3274. A bill to amend the Civil Service Retirement Act, as amended, to provide that accumulated sick leave be credited to the retirement fund or that the individual be reimbursed; to the Committee on Post Office and Civil Service.

By Mr. JOELSON:

H.R. 3275. A bill to establish a commission to plan a permanent memorial to the Reverend Martin Luther King, Jr.; to the Committee on House Administration.

H.R. 3276. A bill to amend the Communications Act of 1934 in order to impose a license fee on radio and television broadcasting licensees in an amount equal to 1 percentum of their gross receipts; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of California:

H.R. 3277. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Cosumnes River division, Central Valley project, California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. KYROS:

H.R. 3278. A bill to amend the Internal Revenue Code of 1954 to increase from $600 to $1,200 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemptions for a dependent, and the additional exemptions for old age and blindess); to the Commmittee on Ways and Means.

By Mr. McFALL:

H.R. 3279. A bill to amend section 2(3), section 8c(2), and section 8c(6)(I) of the Agricultural Marketing Agreement Act of 1937, as amended; to the Committee on Agriculture.

By Mr. NATCHER:

H.R. 3280. A bill to provide for orderly trade in iron ore, iron and steel mill products; to the Committee on Ways and Means.

By Mr. NICHOLS:

H.R. 3281. A bill to modify the reporting requirement and establish additional income exclusions relating to pension for veterans and their widows, to liberalize the bar to payment of benefits to remarried widows of veterans, to liberalize the oath requirement for hospitalization of veterans, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 3282. A bill to provide for orderly trade in textile articles; to the Committee on Ways and Means.

By Mr. OTTINGER:

H.R. 3283. A bill to amend the act of October 3, 1965; to the Committee on the Judiciary.

H.R. 3284. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

H.R. 3285. A bill to facilitate the entry into the United States of aliens who are brothers or sisters of U.S. citizens, and for other purposes; to the Committee on the Judiciary.

H.R. 3286. A bill to provide for posting information in post offices with respect to registration and voting, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. PERKINS:

H.R. 3287. A bill to amend title II of the Social Security Act to increase all benefits thereunder by 20 percent, and to provide that full benefits (when based on attainment of retirement age) will be payable to both men and women at age 60; to the Committee on Ways and Means.

H.R. 3288. A bill to provide for orderly trade in iron and steel mill products; to the Committee on Ways and Means.

H.R. 3289. A bill to provide for orderly trade in iron ore, iron and steel mill products; to the Committee on Ways and Means.

By Mr. PERKINS (for himself, Mrs. GREEN of Oregon, Mr THOMPSON of New Jersey, Mr. DENT, Mr. PUCINSKI, Mr. DANIELS of New Jersey, Mr. BRADEMAS, Mr. O'HARA, Mr. CAREY, Mr. HAWKINS, Mr. WILLIAM D. FORD, Mr. HATHAWAY, Mrs. MINK, Mr. SCHEUER, Mr. MEEDS, Mr. BURTON of

California, and Mr. REID of New York):

H.R. 3290. A bill to promote health and safety in the building trades and construction industry in all Federal and federally financed or federally assisted construction projects; to the Committee on Education and Labor.

By Mr. PICKLE:

H.R. 3291. A bill to permit the donation of surplus agricultural commodities to certain nonprofit organizations serving American servicemen; to the Committee on Agriculture.

By Mr. REID of New York:

H.R. 3292. A bill to extend the executive reorganization provisions of title 5, United States Code, for an additional 2 years, and for other purposes; to the Committee on Government Operations.

By Mr. REUSS:

H.R. 3293. A bill to amend the Immigration and Nationality Act to make additional immigrant visas available for immigrants from certain foreign countries, and for other purposes; to the Committee on the Judiciary.

By Mr. RIVERS:

H.R. 3294. A bill to incorporate the Fleet Reserve Association; to the Committee on the Judiciary.

By Mr. SCHEUER (for himself, Mr. ADDABBO, Mr. BINGHAM, Mr. BURTON, of California, Mrs. CHISHOLM, Mr. COHELAN, Mr. EDWARDS of California, Mr. FARBSTEIN, Mr. FRIEDEL, Mr. GILBERT, Mr. HALPERN, Mr. HATHAWAY, and Mr. HAWKINS):

H.R. 3295. A bill to provide for the establishment of a Commission on Afro-American History and Culture; to the Committee on Education and Labor.

By Mr. SCHEUER (for himself, Mr. KOCH, Mr. MCCARTHY, Mr. MIKVA, Mr. MOORHEAD, Mr. MORSE, Mr. NIX, Mr. PODELL, Mr. REID of New York, Mr. REUSS, Mr. ROSENTHAL, Mr. RYAN, Mr. TIERNAN, and Mr. WHALEN):

H.R. 3296. A bill to provide for the establishment of a Commission on Afro-American History and Culture; to the Committee on Education and Labor.

By Mr. SIKES:

H.R. 3297. A bill to assist the State of Florida and certain property owners in resolving problems of land ownership and use of the former Naval Live Oak Reservation property in Gulf Breeze, Fla., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. TAYLOR:

H.R. 3298. A bill to amend title 5, United States Code, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States, for the purpose of computing a civil service annuity, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. TEAGUE of Texas:

H.R. 3299. A bill to amend title 38 of the United States Code in order to provide pensions for children of Mexican War veterans; to the Committee on Veterans' Affairs.

H.R. 3300. A bill to amend title 38 of the United States Code in order to clarify the duties of the Administrator of Veterans' Affairs with respect to the training of health service personnel; to the Committee on Veterans' Affairs.

H.R. 3301. A bill to amend title 38 of the United States Code to provide increased dependency and indemnity compensation to widows in need of the regular aid and attendance of another person; to the Committee on Veterans' Affairs.

H.R. 3302. A bill to amend title 38 of the United States Code to provide that amounts inherited from bank accounts jointly or separately owned shall not count as income for death or disability pension or for dependency and indemnity compensation; to the Committee on Veterans' Affairs.

H.R. 3303. A bill to amend title 38 of the United States Code to provide that progressive muscular atrophy developing a 10 percent or more degree of disability within 7 years after separation from active service during a period of war shall be presumed to be service connected; to the Committee on Veterans' Affairs.

H.R. 3304. A bill to amend title 38 of the United States Code to restore entitlement to benefits on termination of a widow's remarriage; to the Committee on Veterans' Affairs.

H.R. 3305. A bill to amend title 38, United States Code, to increase the amount payable on burial and funeral expenses; to the Committee on Veterans' Affairs.

H.R. 3306. A bill to amend title 38 of the United States Code to permit the furnishing of benefits to certain veterans conditionally discharged or released from active military, naval, or air service; to the Committee on Veterans' Affairs.

H.R. 3307. A bill to amend title 38 of the United States Code to provide a monthly clothing allowance to certain veterans who, because of a service-connected disability, regularly wear a prosthetic appliance or appliances which causes exceptional wear or tear of clothing; to the Committee on Veterans' Affairs.

H.R. 3308. A bill to amend section 4001 of title 38, United States Code, to prescribe qualifications for members of the Board of Veterans' Appeals, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 3309. A bill to amend chapter 61 of title 38 of the United States Code in order to prohibit abuses in the solicitation of contributions in the name of veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. TEAGUE of Texas (by request):

H.R. 3310. A bill to amend section 3203 of title 38, United States Code, to provide that veterans entitled to pension who are being maintained in State homes shall receive pension at the rate of $30 per month; to the Committee on Veterans' Affairs.

H.R. 3311. A bill to amend title 38 of the United States Code to limit the authority of the Veterans' Administration and the Bureau of the Budget with respect to construction, acquisition, or alteration of veterans' hospitals and the closing of such hospitals; to the Committee on Veterans' Affairs.

H.R. 3312. A bill to amend title 38 of the United States Code to provide legal defense for employees of the Veterans' Administration who are sued for acts or omissions within the scope of their employment; to the Committee on Veterans' Affairs.

H.R. 3313. A bill to prohibit the processing of stale claims for special dividends by the Veterans' Administration; to the Committee on Veterans' Affairs.

H.R. 3314. A bill to liberalize the provisions of title 38, United States Code, relating to the reinstatement and renewal of term policies of national service and U.S. Government life insurance; to the Committee on Veterans' Affairs.

H.R. 3315. A bill to authorize the use by policyholders of the cash surrender value or the proceeds of a matured endowment policy of U.S. Government or national service life insurance to purchase annuities; to the Committee on Veterans' Affairs.

H.R. 3316. A bill to limit the Administrator's authority to adjust premium rates on insurance issued under section 725(b) of title 38, United States Code, and to authorize the payment of dividends on such insurance after 5 years; to the Committee on Veterans' Affairs.

H.R. 3317. A bill to amend chapter 39 of title 38, United States Code, to increase the assistance payable by the Administrator of Veterans' Affairs toward the purchase price of specially equipped automobiles for disabled veterans; to the Committee on Veterans' Affairs.

H.R. 3318. A bill to amend title 38, United States Code, to provide that certain special hand or foot controls for automobiles shall be considered to be prosthetic appliances; to the Committee on Veterans' Affairs.

H.R. 3319. A bill to amend chapter 73 of title 38, United States Code, to credit physicians and dentists in the Department of Medicine and Surgery of the Veterans' Administration with certain service for retirement purposes; to the Committee on Veterans' Affairs.

H.R. 3320. A bill to amend title 38, United States Code, in order to credit physicians and dentists with 20 or more years of service in the Veterans' Administration with certain service for retirement purposes; to the Committee on Veterans' Affairs.

H.R. 3321. A bill to amend chapter 73 of title 38, United States Code, to make a career in the Department of Medicine and Surgery more attractive; to the Committee on Veterans' Affairs.

H.R. 3322. A bill to liberalize the provisions of title 38, United States Code, relating to the reinstatement and renewal of term policies of national service and U.S. Government life insurance; to authorize policyholders to purchase annuities with the cash surrender value or the proceeds of a matured endowment policy of such insurance; and to prohibit the payment of certain stale claims by the Veterans' Administration; to the Committee on Veterans' Affairs.

H.R. 3323. A bill to amend chapter 19 of title 38 of the United States Code to permit the inclusion of provisions providing for double indemnity for accidental death in national service life insurance policies, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 3324. A bill to amend section 111(a) of title 38, United States Code, to increase the rate of reimbursement of travel authorized Veterans' Administration beneficiaries, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. TEAGUE of Texas (for himself and Mr. BROWN of California) (by request):

H.R. 3325. A bill to amend title 38, United States Code, to relieve certain persons from filing the annual income questionnaire in connection with non-service-connected pensions; to the Committee on Veterans' Affairs.

H.R. 3326. A bill to liberalize certain eligibility requirements for payment of benefits to widows of veterans under title 38, United States Code; to the Committee on Veterans' Affairs.

By Mr. TUNNEY:

H.R. 3327. A bill to amend title 10, United States Code, to permit the recomputation of retired pay of certain members and former members of the Armed Forces; to the Committee on Armed Services.

H.R. 3328. A bill to authorize the Secretary of the Interior to approve an agreement entered into by the Soboba Band of Mission Indians releasing a claim against the Metropolitan Water District of Southern California and Eastern Municipal Water District, California, and to provide for construction of a water distribution system and a water supply for the Soboba Indian Reservation; to the Committee on Interior and Insular Affairs.

H.R. 3329. A bill to create in the Executive Office of the President a Council of Ecological Advisers; to the Committee on Science and Astronautics.

By Mr. VANIK (for himself, Mr. BETTS, Mr. MORGAN, Mr. FEIGHAN, Mr. ASHBROOK, Mr. BOW, Mr. BROWN of Ohio, Mr. BUCHANAN, Mr. CLANCY, Mr. COUGHLIN, Mr. FULTON of Pennsylvania, Mr. HARSHA, Mr. HAYS, Mr. LATTA, Mr. LUKENS, Mr. MCCULLOCH, Mr. MINSHALL, Mr. MILLER of Ohio, Mr. MOORHEAD, Mr. MOSHER, Mr. NIX, Mr. ROONEY of Pennsylvania, Mr.

RUPPE, Mr. SAYLOR, and Mr. STANTON):

H.R. 3330. A bill to provide for orderly trade in iron ore, iron and steel mill products; to the Committee on Ways and Means.

By Mr. VANIK (for himself, Mr. STOKES, and Mr. WILLIAMS):

H.R. 3331. A bill to provide for orderly trade in iron ore, iron and steel mill products; to the Committee on Ways and Means.

By Mr. WYATT:

H.R. 3332. A bill to provide for orderly trade in iron and steel mill products; to the Committee on Ways and Means.

By Mr. ZWACH:

H.R. 3333. A bill to increase the efficiency of, and eliminate political activity in, the Post Office Department by revising the terms of office of the Postmaster General and other top officers thereof, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BERRY:

H.R. 3334. A bill to place in trust status certain lands on the Standing Rock Sioux Indian Reservation in North Dakota and South Dakota; to the Committee on Interior and Insular Affairs.

By Mr. CABELL:

H.R. 3335. A bill to make it a crime to induce, through fraud or misrepresentation, any person to travel in interstate commerce for educational purposes; to the Committee on the Judiciary.

By Mr. CARTER:

H.R. 3336. A bill to amend the Public Health Service Act to provide for the establishment of a National Lung Institute; to the Committee on Interstate and Foreign Commerce.

By Mr. CLARK:

H.R. 3337. A bill to amend the Federal Food, Drug, and Cosmetic Act to include a definition of food supplements, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CONYERS (for himself, Mr. ANNUNZIO, Mr. BROWN of California, Mr. BURTON of California, Mrs. CHISHOLM, Mr. CLAY, Mr. EDWARDS of California, Mr. FARBSTEIN, Mr. FRASER, Mr. GILBERT, Mr. GONZALEZ, Mr. HALPERN, Mr. HELSTOSKI, Mr. KASTENMEIER, Mr. LOWENSTEIN, Mr. MATSUNAGA, Mr. MIKVA, Mr. MOORHEAD, Mr. PODELL, Mr. REUSS, Mr. ROSENTHAL, Mr. ROYBAL, Mr. RYAN, Mr. STOKES, and Mr. CHARLES H. WILSON):

H.R. 3338. A bill to assure to every American a full opportunity to have adequate employment, housing, and education, free from any discrimination on account of race, color, religion, or national origin, and for other purposes; to the Committee on Education and Labor.

By Mr. CONYERS (for himself, Mr. ECKHARDT, Mr. O'NEILL of Massachusetts, Mr. OTTINGER, Mr. REID of New York, and Mr. THOMPSON of New Jersey):

H.R. 3339. A bill to assure to every American a full opportunity to have adequate employment, housing, and education, free from any discrimination on account of race, color, religion, or national origin, and for other purposes; to the Committee on Education and Labor.

By Mr. DAVIS of Wisconsin:

H.R. 3340. A bill to provide for a device for recording and counting votes in the House of Representatives; to the Committee on House Administration.

By Mr. GILBERT:

H.R. 3341. A bill to authorize withholding, for purposes of the income tax imposed by certain cities, on the compensation of Federal employees; to the Committee on Ways and Means.

By Mr. HÉBERT:

H.R. 3342. A bill to amend titles 10 and 32, United States Code, to authorize additional medical and dental care and other related benefits for reservists and members of the National Guard, under certain conditions, and for other purposes; to the Committee on Armed Services.

By Mr. LEGGETT:

H.R. 3343. A bill to amend chapter 55 of title 10 to provide additional dental care for dependents of active duty members of the uniformed services; to the Committee on Armed Services.

H.R. 3344. A bill to amend the Public Health Service Act to establish the position of chief veterinary officer of the service and provide for the rank of Assistant Surgeon General for said position; to the Committee on Interstate and Foreign Commerce.

By Mr. LEGGETT (for himself, Mr. HOGAN, and Mr. HUNGATE):

H.R. 3345. A bill to promote fair competition among prime contractors and subcontractors and to prevent bid peddling on public works contracts by requiring persons submitting bids on those contracts to specify certain subcontractors who will assist in carrying them out; to the Committee on the Judiciary.

By Mr. TAYLOR:

H.R. 3346. A bill to amend chapter 44 of title 18, United States Code, to exempt ammunition from Federal regulation under the Gun Control Act of 1968; to the Committee on the Judiciary.

By Mr. VANIK:

H.R. 3347. A bill to amend the Internal Revenue Code of 1954 to allow a credit against the individual income tax for expenses incurred in providing education and training for mentally retarded or physically handicapped children; to the Committee on Ways and Means.

By Mr. ANNUNZIO:

H.J. Res. 245. Joint resolution to provide for the designation of the second week of May of each year as "National School Safety Patrol Week"; to the Committee on the Judiciary.

H.J. Res. 246. Joint resolution authorizing the President to proclaim annually the week including February 14 (the birthday of Frederick Douglass) as "Afro-American History Week"; to the Committee on the Judiciary.

By Mr. ASPINALL (for himself, Mr. SAYLOR, Mr. HALEY, Mr. SKUBITZ, Mr. EDMONDSON, Mr. BURTON of Utah, Mr. TAYLOR, Mr. MORTON, Mr. JOHNSON of California, Mr. KYL, Mr. FOLEY, Mr. STEIGER of Arizona, Mr. WHITE, Mr. MCCLURE, Mr. KEE, and Mr. KAZEN):

H.J. Res. 247. Joint resolution relating to the administration of the national park system; to the Committee on Interior and Insular Affairs.

By Mr. UTT:

H.J. Res. 248. Joint resolution to provide for the resumption of trade with Rhodesia; to the Committee on Foreign Affairs.

By Mr. ANNUNZIO:

H. Con. Res. 80. Concurrent resolution to express the sense of Congress against the persecution of persons by Soviet Russia because of their religion; to the Committee on Foreign Affairs.

H. Con. Res. 81. Concurrent resolution expressing the sense of the Congress with respect to the incorporation of Latvia, Lithuania, and Estonia into the Union of Soviet Socialist Republics; to the Committee on Foreign Affairs.

By Mr. CABELL:

H. Con. Res. 82. Concurrent resolution designating October 6 of each year as "German-American Day"; to the Committee on the Judiciary.

By Mr. DENNEY:

H. Con. Res. 83. Concurrent resolution expressing the sense of the Congress with respect to certain proposed regulations of the Food and Drug Administration relating to the labeling and content of diet foods and diet supplements; to the Committee on Interstate and Foreign Commerce.

By Mr. DERWINSKI:

H. Con. Res. 84. Concurrent resolution to express the sense of Congress with respect to an investigation and study to determine the potential of railroad passenger and mail transportation in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. TUNNEY (for himself, Mr. ADAMS, Mr. BIESTER, Mr. BROCK, Mr. BROWN of Michigan, Mr. CLEVELAND, Mr. ECKHARDT, Mr. EDWARDS of California, Mr. FULTON of Pennsylvania, Mr. GIAIMO, Mr. HALPERN, Mr. HANNA, Mr. HATHAWAY, Mr. HICKS, Mr. HORTON, Mr. JOHNSON of California, Mr. LEGGETT, Mr. LUKENS, Mr. MAILLIARD, Mr. MCFALL, Mr. MIKVA, Mr. MIZE, Mr. MORSE, and Mr. MOSS):

H. Con. Res. 85. Concurrent resolution calling upon the President to terminate foreign direct investment controls; to the Committee on Foreign Affairs.

By Mr. TUNNEY (for himself, Mr. OTTINGER, Mr. PATTEN, Mr. PERKINS, Mr. PRYOR of Arkansas, Mr. ROSENTHAL, Mr. ROTH, Mr. ST. ONGE, Mr. TEAGUE of California, Mr. THOMPSON of New Jersey, Mr. UTT, Mr. WHALEN, and Mr. WILLIAMS):

H. Con. Res. 86. Concurrent resolution calling upon the President to terminate foreign direct investment controls; to the Committee on Foreign Affairs.

By Mr. ANNUNZIO:

H. Res. 125. Resolution expressing the sense of the House of Representatives with respect to the establishment of permanent peace in the Middle East; to the Committee on Foreign Affairs.

By Mr. DENNEY (for himself, Mr. HUNT, and Mr. BROTZMAN):

H. Res. 126. Resolution amending the Rules of the House of Representatives to provide that each public bill or resolution introduced in the House of Representatives shall contain an estimate of the cost to the Federal Government, and for other purposes; to the Committee on Rules.

By Mr. POAGE:

H. Res. 127. Resolution to authorize investigations by the Committee on Agriculture; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ABBITT:

H.R. 3348. A bill for the relief of the estate of Pierre Samuel du Pont Darden; to the Committee on the Judiciary.

By Mr. ADDABBO:

H.R. 3349. A bill for the relief of Maria Conchita R. Agcaoili; to the Committee on the Judiciary.

H.R. 3350. A bill for the relief of Guiseppe Birardi; to the Committee on the Judiciary.

H.R. 3351. A bill for the relief of Luigi Pedrotti; to the Committee on the Judiciary.

H.R. 3352. A bill for the relief of Nicola Gagliardi; to the Committee on the Judiciary.

H.R. 3353. A bill for the relief of Theofanis Koutsiaftis; to the Committee on the Judiciary.

H.R. 3354. A bill for the relief of Calogero, Maria, and minor child, Fabio Lauria; to the Committee on the Judiciary.

H.R. 3355. A bill for the relief of Dr. Shama Sunder Rao; to the Committee on the Judiciary.

H.R. 3356. A bill for the relief of Maria Ann Margarete Schupp; to the Committee on the Judiciary.

By Mr. ANNUNZIO:

H.R. 3357. A bill for the relief of Giuseppe Pileggi; to the Committee on the Judiciary.

By Mr. BARING:

H.R. 3358. A bill for the relief of the McCarran Ranch; to the Committee on the Judiciary.

By Mr. BATES:

H.R. 3359. A bill for the relief of Mrs. Maria De Simone; to the Committee on the Judiciary.

By Mr. BINGHAM:

H.R. 3360. A bill for the relief of Dr. Olga J. Agbayani Asar and Dr. Sedat Ali Asar; to the Committee on the Judiciary.

H.R. 3361. A bill for the relief of Shyrill Burton; to the Committee on the Judiciary.

H.R. 3362. A bill for the relief of Rita Elizabeth Clarke; to the Committee on the Judiciary.

H.R. 3363. A bill for the relief of Zorah Veronica Clarke; to the Committee on the Judiciary.

H.R. 3364. A bill for the relief of John Faughnan; to the Committee on the Judiciary.

H.R. 3365. A bill for the relief of Wei Lian Lee; to the Committee on the Judiciary.

H.R. 3366. A bill for the relief of Melba Nunez; to the Committee on the Judiciary.

H.R. 3367. A bill for the relief of Richard Joseph O'Callahan; to the Committee on the Judiciary.

H.R. 3368. A bill for the relief of Sara Parobkiewitz; to the Committee on the Judiciary.

H.R. 3369. A bill for the relief of Dr. Gollamudi Ramachander, Mrs. Devasena Ramachander and Subbarao Ramachander; to the Committee on the Judiciary.

H.R. 3370. A bill for the relief of Eftihia Tsavalou; to the Committee on the Judiciary.

H.R. 3371. A bill for the relief of Ruby S. Woodley; to the Committee on the Judiciary.

By Mr. BOLAND:

H.R. 3372. A bill for the relief of Genowefa Libera Budzyna; to the Committee on Judiciary.

H.R. 3373. A bill for the relief of Giuseppe Delina; to the Committee on the Judiciary.

H.R. 3374. A bill for the relief of Lesvia M. Doukellis; to the Committee on the Judiciary.

H.R. 3375. A bill for the relief of Dr. Esmat M. El-Maayergy; to the Committee on the Judiciary.

H.R. 3376. A bill for the relief of Maria da Conceicao Evaristo; to the Committee on the Judiciary.

H.R. 3377. A bill for the relief of Frank Kleinerman; to the Committee on the Judiciary.

H.R. 3378. A bill for the relief of Donald P. Lariviere; to the Committee on the Judiciary.

H.R. 3379. A bill for the relief of Sfc. Patrick Marratto, U.S. Army (retired); to the Committee on the Judiciary.

H.R. 3380. A bill for the relief of Joseph J. Morris; to the Committee on the Judiciary.

H.R. 3381. A bill for the relief of Ahuva Ovadia; to the Committee on the Judiciary.

H.R. 3382. A bill for the relief of Aniello Peluso; to the Committee on the Judiciary.

H.R. 3383. A bill for the relief of Alberigo Romeo; to the Committee on the Judiciary.

By Mr. BRAY:

H.R. 3384. A bill for the relief of Chun-Ying Sa; to the Committee on the Judiciary.

By Mr. BROWN of California:

H.R. 3385. A bill for the relief of Lauro Alfonso Ochoa Gonzalez; to the Committee on the Judiciary.

H.R. 3386. A bill for the relief of Hyung Sook Lee; to the Committee on the Judiciary.

By Mr. BURKE of Massachusetts:

H.R. 3387. A bill for the relief of Manuel Vieira Andrade, Jr.; to the Committee on the Judiciary.

H.R. 3388. A bill for the relief of Elsa T. Arce and Esther T. Arce; to the Committee on the Judiciary.

H.R. 3389. A bill for the relief of Domenico Calderone and Carmela Magazzu Calderone; to the Committee on the Judiciary.

H.R. 3390. A bill for the relief of Dong Ping Chin; to the Committee on the Judiciary.

H.R. 3391. A bill for the relief of Giuseppe A. Cicoria; to the Committee on the Judiciary.

H.R. 3392. A bill for the relief of Manlio DeGrandis; to the Committee on the Judiciary.

H.R. 3393. A bill for the relief of Catherine A. Gallagher and Annie E. Gallagher; to the Committee on the Judiciary.

H.R. 3394. A bill for the relief of Antonio Giacobbe; to the Committee on the Judiciary.

H.R. 3395. A bill for the relief of Vincenzo Guarino; to the Committee on the Judiciary.

H.R. 3396. A bill for the relief of Jose Mendoza Lalinde; to the Committee on the Judiciary.

H.R. 3397. A bill for the relief of Hernan Lalinde Mendoza; to the Committee on the Judiciary.

H.R. 3398. A bill for the relief of Sebastiano Patti, Maria Rita Repici Patti, and Francesco Patti; to the Committee on the Judiciary.

H.R. 3399. A bill for the relief of Antonino Venuto; to the Committee on the Judiciary.

By Mr. BURTON of California:

H.R. 3400. A bill for the relief of Alezandros Goumas; to the Committee on the Judiciary.

H.R. 3401. A bill for the relief of Ada G. Morco; to the Committee on the Judiciary.

H.R. 3402. A bill for the relief of Aida Santos Reyes; to the Committee on the Judiciary.

H.R. 3403. A bill for the relief of Ruth Dela Cruz Sioson; to the Committee on the Judiciary.

H.R. 3404. A bill for the relief of Luis Alberto Solari; to the Committee on the Judiciary.

By Mr. CABELL:

H.R. 3405. A bill for the relief of certain aliens; to the Committee on the Judiciary.

By Mrs. CHISHOLM:

H.R. 3406. A bill for the relief of Angelina Elida Matthews; to the Committee on the Judiciary.

By Mr. CONTE:

H.R. 3407. A bill for the relief of George Fouad Akrouche; to the Committee on the Judiciary.

H.R. 3408. A bill for the relief of Abou Samir Semaan; to the Committee on the Judiciary.

By Mr. DANIEL of Virginia:

H.R. 3409. A bill for the relief of Miss I. Pang Ho; to the Committee on the Judiciary.

By Mr. DELANEY:

H.R. 3410. A bill for the relief of Elda Ananyan; to the Committee on the Judiciary.

H.R. 3411. A bill for the relief of Salvatore Barone, Domitilla Barone, and Josephine Barone; to the Committee on the Judiciary.

H.R. 3412. A bill for the relief of Liya Hirina Bernaht; to the Committee on the Judiciary.

H.R. 3413. A bill for the relief of Salvatore Coico, Vincenza Coico, Francesca Coice, and Luigi Coico; to the Committee on the Judiciary.

H.R. 3414. A bill for the relief of George Filipopoulos; to the Committee on the Judiciary.

H.R. 3415. A bill for the relief of Carmela Pitruzzella; to the Committee on the Judiciary.

H.R. 3416. A bill for the relief of Helen Tziminadis; to the Committee on the Judiciary.

By Mr. DELLENBACK:

H.R. 3417. A bill for the relief of Mrs. Gracia Trias Digal; to the Committee on the Judiciary.

By Mr. DOWNING:

H.R. 3418. A bill for the relief of Francis M. Rogallo and Gertrude S. Rogallo; to the Committee on the Judiciary.

By Mr. DULSKI (by request):

H.R. 3419. A bill for the relief of Saad Ali Mohamed Ahmed; to the Committee on the Judiciary.

H.R. 3420. A bill for the relief of Barbara I. Krzewicka; to the Committee on the Judiciary.

H.R. 3421. A bill for the relief of Dr. Oscar H. Piedad; to the Committee on the Judiciary.

By Mr. FALLON:

H.R. 3422. A bill for the relief of Dr. Ebhrain Barzaga; to the Committee on the Judiciary.

H.R. 3423. A bill for the relief of Dr. Adolf Stafl, his wife, Jaroslava BuManova Stafl, and their minor children, Jan Stafl and Zdenek Stafl; to the Committee on the Judiciary.

By Mr. FRASER:

H.R. 3424. A bill for the relief of Alberto Aranibar-Zerpa; to the Committee on the Judiciary.

H.R. 3425. A bill for the relief of Pablo and Magdalena Paragas; to the Committee on the Judiciary.

By Mr. GILBERT:

H.R. 3426. A bill for the relief of Vito Barresi; to the Committee on the Judiciary.

H.R. 3427. A bill for the relief of Giuseppe Rocco; to the Committee on the Judiciary.

By Mr. HALPERN:

H.R. 3428. A bill for the relief of Jadwiga Adamkiewicz; to the Committee on the Judiciary.

H.R. 3429. A bill for the relief of Luis Barbato Alvarado; to the Committee on the Judiciary.

H.R. 3430. A bill for the relief of Daniela Auerbach; to the Committee on the Judiciary.

H.R. 3431. A bill for the relief of Pauline Bujnovska; to the Committee on the Judiciary.

H.R. 3432. A bill for the relief of Falicitas B. Burgonio; to the Committee on the Judiciary.

H.R. 3433. A bill for the relief of Antonio Demonte; to the Committee on the Judiciary.

H.R. 3434. A bill for the relief of Emerita Dinglas; to the Committee on the Judiciary.

H.R. 3435. A bill for the relief of Amelia Garcia; to the Committee on the Judiciary.

H.R. 3436. A bill for the relief of Matyas Hunyadi; to the Committee on the Judiciary.

H.R. 3437. A bill for the relief of Hee Sook Kim; to the Committee on the Judiciary.

H.R. 3438. A bill for the relief of Salvatore Miceli and Santa Maria Rita Miceli; to the Committee on the Judiciary.

H.R. 3439. A bill for the relief of Virginia O. Olympia; to the Committee on the Judiciary.

H.R. 3440. A bill for the relief of Muammer Onguner, her son, Erol Onguner, and her granddaughter, Yasemin Onguner; to the Committee on the Judiciary.

H.R. 3441. A bill for the relief of Raquel Maria Pellegrini; to the Committee on the Judiciary.

H.R. 3442. A bill for the relief of Juan Peral; to the Committee on the Judiciary.

H.R. 3443. A bill for the relief of Evanthia Psichopedas; to the Committee on the Judiciary.

H.R. 3444. A bill for the relief of Dr. Pacifico C. Ramon, Jr., and his wife, Maria Luisa Ramon; to the Committee on the Judiciary.

H.R. 3445. A bill for the relief of Mrs. Rosario Rodriguez; to the Committee on the Judiciary.

H.R. 3446. A bill for the relief of Dr. Jose Sarabia, his wife, Maria Teresa Sarabia, and their son, Jose S. Sarabia; to the Committee on the Judiciary.

H.R. 3447. A bill for the relief of Francesco Scatigno; to the Committee on the Judiciary.

H.R. 3448. A bill for the relief of Mary Seferian; to the Committee on the Judiciary.

H.R. 3449. A bill for the relief of Vassiliki Vacalopoulou; to the Committee on the Judiciary.

H.R. 3450. A bill for the relief of Leonor Valmores; to the Committee on the Judiciary.

H.R. 3451. A bill for the relief of Bernardino Ventura; to the Committee on the Judiciary.

H.R. 3452. A bill for the relief of Rosa Vexelman; to the Committee on the Judiciary.

H.R. 3453. A bill for the relief of Zofia Wojcik; to the Committee on the Judiciary.

H.R. 3454. A bill for the relief of Mario Michele Zito; to the Committee on the Judiciary.

By Mr. HANLEY:

H.R. 3455. A bill for the relief of Gaetano Di Marco, Benedetta Di Marco, and Gustavo Di Marco, husband and wife, and minor child; to the Committee on the Judiciary.

H.R. 3456. A bill for the relief of Sergio Petrucci; to the Committee on the Judiciary.

H.R. 3457. A bill for the relief of Alice Pua; to the Committee on the Judiciary.

H.R. 3458. A bill for the relief of Saverio Tassone; to the Committee on the Judiciary.

H.R. 3459. A bill for the relief of Lorenzo Vittore; to the Committee on the Judiciary.

H.R. 3460. A bill for the relief of Wen-Yuan-Yu; to the Committee on the Judiciary.

By Mr. HAWKINS:

H.R. 3461. A bill for the relief of Bernardine McSweaney Cannon; to the Committee on the Judiciary.

By Mrs. HECKLER of Massachusetts:

H.R. 3462. A bill for the relief of Royden P. Goodwin and family; to the Committee on the Judiciary.

By Mr. HUNT:

H.R. 3463. A bill for the relief of Nicholas J. Battiste and George F. Whelan; to the Committee on the Judiciary.

H.R. 3464. A bill for the relief of Maria Balluardo Frasca; to the Committee on the Judiciary.

By Mr. JOELSON:

H.R. 3465. A bill for the relief of Joaquina Januario; to the Committee on the Judiciary.

H.R. 3466. A bill for the relief of Emanuela Trovato; to the Committee on the Judiciary.

By Mr. KEE:

H.R. 3467. A bill for the relief of Miss Bianca Maria Brazzola; to the Committee on the Judiciary.

H.R. 3468. A bill for the relief of Giovanni Paolini and his wife, Malfada Cipriani Paolini; to the Committee on the Judiciary.

H.R. 3469. A bill for the relief of Dr. Manuel Nate Roco, his wife, Nellie Marcelo Roco, and two children, Jonas Marcelo Roco, and Manuel Marcelo Roco; to the Committee on the Judiciary.

H.R. 3470. A bill for the relief of Dr. Segundo Sanchez, his wife, Graciela Sanchez, and four children, Segundo Humberto Sanchez, Oscar Sanchez, Fernando Sanchez, and Orlando Sanchez; to the Committee on the Judiciary.

By Mr. KEITH:

H.R. 3471. A bill for the relief of Maria Anunciacao; to the Committee on the Judiciary.

H.R. 3472. A bill for the relief of Alberto Gomes DePina; to the Committee on the Judiciary.

H.R. 3473. A bill for the relief of Franklin Areias Duarte; to the Committee on the Judiciary.

H.R. 3474. A bill for the relief of Branca da Gloria Franco Freitas; to the Committee on the Judiciary.

H.R. 3475. A bill for the relief of Francisco Arguilo Alves da Rocha Gomes; to the Committee on the Judiciary.

H.R. 3476. A bill for the relief of the estate of Patrick H. Harrington, deceased; to the Committee on the Judiciary.

H.R. 3477. A bill for the relief of Margrethe Kristensen; to the Committee on the Judiciary.

H.R. 3478. A bill for the relief of Luiz Pereira Moco; to the Committee on the Judiciary.

H.R. 3479. A bill for the relief of Raymond P. Murphy; to the Committee on the Judiciary.

H.R. 3480. A bill for the relief of the New Bedford Storage Warehouse Co.; to the Committee on the Judiciary.

H.R. 3481. A bill for the relief of Dr. Raghuram Pothapu Reddy; to the Committee on the Judiciary.

H.R. 3482. A bill for the relief of Maria Ascencao Reis; to the Committee on the Judiciary.

H.R. 3483. A bill for the relief of Jane Velsa Smith; to the Committee on the Judiciary.

By Mr. MAHON:

H.R. 3484. A bill for the relief of Szeto Kit Hang; to the Committee on the Judiciary.

H.R. 3485. A bill for the relief of Eugene L. Monagin; to the Committee on the Judiciary.

By Mr. MESKILL:

H.R. 3486. A bill for the relief of Ivo Lopes Mendes Brandao and Jose Mendes Brandao, Jr.; to the Committee on the Judiciary.

H.R. 3487. A bill for the relief of Paolo Cassarino; to the Committee on the Judiciary.

H.R. 3488. A bill for the relief of Slavko Firman; to the Committee on the Judiciary.

H.R. 3489. A bill for the relief of Houmer C. Godje; to the Committee on the Judiciary.

H.R. 3490. A bill for the relief of Frederico Guercio; to the Committee on the Judiciary.

H.R. 3491. A bill for the relief of Ilona Hiermann; to the Committee on the Judiciary.

H.R. 3492. A bill for the relief of Edmund Kaminski; to the Committee on the Judiciary.

H.R. 3493. A bill for the relief of Michelino Miano; to the Committee on the Judiciary.

H.R. 3494. A bill for the relief of Benito Mirmina, his wife, Nunziata Mirmina, and their children, Franca Mirmina, Guiseppina Mirmina, and Francesco Mirmina; to the Committee on the Judiciary.

H.R. 3495. A bill for the relief of Salvatore Pappalardo; to the Committee on the Judiciary.

H.R. 3496. A bill for the relief of Pasquale Pizzimenti; to the Committee on the Judiciary.

H.R. 3497. A bill for the relief of Luis Elkin Echavarria Quintero; to the Committee on the Judiciary.

By Mr. MILLER of California:

H.R. 3498. A bill for the relief of Illuminada Macasieb; to the Committee on the Judiciary.

By Mr. MORSE:

H.R. 3499. A bill for the relief of Filippo Butera; to the Committee on the Judiciary.

H.R. 3500. A bill for the relief of Guiseppe Calva; to the Committee on the Judiciary.

H.R. 3501. A bill for the relief of Marcelo F. Gregorio, Beatriz Ozan deGregorio, and Marcelo F. Gregorio; to the Committee on the Judiciary.

By Mr. MURPHY of New York:

H.R. 3502. A bill for the relief of Giovanni and Terrana Grottadauria; to the Committee on the Judiciary.

H.R. 3503. A bill for the relief of Maria Panzarella; to the Committee on the Judiciary.

H.R. 3504. A bill for the relief of Juana Reyes; to the Committee on the Judiciary.

By Mr. OTTINGER:

H.R. 3505. A bill for the relief of Timothy J. B. Clarke; to the Committee on the Judiciary.

H.R. 3506. A bill for the relief of Miss Zenaida Carreon Alcasid; to the Committee on the Judiciary.

H.R. 3507. A bill for the relief of Mrs. Carmen Figueroa-Fernandez de Santana; to the Committee on the Judiciary.

H.R. 3508. A bill for the relief of Joseph Paul Lucien Fontaine; to the Committee on the Judiciary.

H.R. 3509. A bill for the relief of Francesco Frasca; to the Committee on the Judiciary.

H.R. 3510. A bill for the relief of Miss Fe Enerlan Galindo; to the Committee on the Judiciary.

H.R. 3511. A bill for the relief of Nobuyoshi Higashi; to the Committee on the Judiciary.

H.R. 3512. A bill for the relief of Lapaz Mercado Ibea; to the Committee on the Judiciary.

H.R. 3513. A bill for the relief of Bernardine Geertrude Jackson; to the Committee on the Judiciary.

H.R. 3514. A bill for the relief of Gelina Jean-Louis; to the Committee on the Judiciary.

H.R. 3515. A bill for the relief of Miss Florence Logan; to the Committee on the Judiciary.

H.R. 3516. A bill for the relief of Vicenta Aida Manjon; to the Committee on the Judiciary.

H.R. 3517. A bill for the relief of Celestina Martorana; to the Committee on the Judiciary.

H.R. 3518. A bill for the relief of Maria Carmen Valente Pereira; to the Committee on the Judiciary.

H.R. 3519. A bill for the relief of Attilio Praino and his wife, Malena Carmen Garcia Praino; to the Committee on the Judiciary.

H.R. 3520. A bill for the relief of Franco Praino; to the Committee on the Judiciary.

H.R. 3521. A bill for the relief of Giuseppe Praino; to the Committee on the Judiciary.

H.R. 3522. A bill for the relief of Luigi Praino and his wife, Sara Lillian Praino; to the Committee on the Judiciary.

H.R. 3523. A bill for the relief of Antonio Scopino; to the Committee on the Judiciary.

H.R. 3524. A bill for the relief of Dr. Raymundo S. Sison; to the Committee on the Judiciary.

H.R. 3525. A bill for the relief of Imeon Magdalene Soberanis; to the Committee on the Judiciary.

H.R. 3526. A bill for the relief of Nikolaos Thanos; to the Committee on the Judiciary.

H.R. 3527. A bill for the relief of Anastasis Tsimpidis; to the Committee on the Judiciary.

H.R. 3528. A bill for the relief of Waimir Turolla; to the Committee on the Judiciary.

H.R. 3529. A bill for the relief of Enrica Undelac; to the Committee on the Judiciary.

H.R. 3530. A bill for the relief of Janis Zalcmanis, Gertrude Jansons, Lorena Jansons Murphy, and Asja Jansons Liders; to the Committee on the Judiciary.

By Mr. PEPPER:

H.R. 3531. A bill for the relief of Dr. Miguel Miari Alvarez; to the Committee on the Judiciary.

H.R. 3532. A bill for the relief of Bernardo Benes; to the Committee on the Judiciary.

H.R. 3533. A bill for the relief of Dr. Isaac Cohen; to the Committee on the Judiciary.

H.R. 3534. A bill for the relief of Luis A. de la Vega; to the Committee on the Judiciary.

H.R. 3535. A bill for the relief of Jorge E. De Moya; to the Committee on the Judiciary.

H.R. 3536. A bill for the relief of Nicolas Duarte; to the Committee on the Judiciary.

H.R. 3537. A bill for the relief of Dr. Dario Duque; to the Committee on the Judiciary.

H.R. 3538. A bill for the relief of Dr. Jose Esquenazi; to the Committee on the Judiciary.

H.R. 3539. A bill for the relief of Dr. Angela Zabarte Fandino; to the Committee on the Judiciary.

H.R. 3540. A bill for the relief of Salustiano Garcia-Diaz; to the Committee on the Judiciary.

H.R. 3541. A bill for the relief of Joseph Giardina; to the Committee on the Judiciary.

H.R. 3542. A bill for the relief of Dr. Arthur Gosselin; to the Committee on the Judiciary.

H.R. 3543. A bill for the relief of Dr. Juliet Helmkin; to the Committee on the Judiciary.

H.R. 3544. A bill for the relief of Dr. Carlos Modesto Hernandez; to the Committee on the Judiciary.

H.R. 3545. A bill for the relief of Jose H. Kates; to the Committee on the Judiciary.

H.R. 3546. A bill for the relief of Dr. Gustavo Leon Lemus; to the Committee on the Judiciary.

H.R. 3547. A bill for the relief of Dr. Julio C. Mena; to the Committee on the Judiciary.

H.R. 3548. A bill for the relief of Dr. Roberto de la Caridad Miquel; to the Committee on the Judiciary.

H.R. 3549. A bill for the relief of Dr. Moises Mitrani, M.D.; to the Committee on the Judiciary.

H.R. 3550. A bill for the relief of William H. Nickerson; to the Committee on the Judiciary.

H.R. 3551. A bill for the relief of Alberto Vadra; to the Committee on the Judiciary.

H.R. 3552. A bill for the relief of Jean M. Vorbe; to the Committee on the Judiciary.

H.R. 3553. A bill for the relief of World Mart, Inc.; to the Committee on the Judiciary.

H.R. 3554. A bill for the relief of Dr. Jose R. Zayas-Bazan; to the Committee on the Judiciary.

H.R. 3555. A bill for the relief of Mrs. Rosa Zimmerman; to the Committee on the Judiciary.

By Mr. PODELL:

H.R. 3556. A bill for the relief of Daisy Olivia A. Caponong; to the Committee on the Judiciary.

H.R. 3557. A bill for the relief of Chan Pui Chang; to the Committee on the Judiciary.

By Mr. RODINO:

H.R. 3558. A bill for the relief of Thomas A. Smith; to the Committee on the Judiciary.

By Mr. ROGERS of Colorado:

H.R. 3559. A bill for the relief of Alkiviadis Peter Bouras; to the Committee on the Judiciary.

H.R. 3560. A bill for the relief of Harry Bush; to the Committee on the Judiciary.

H.R. 3561. A bill for the relief of Marta Bru Giusto; to the Committee on the Judiciary.

H.R. 3562. A bill for the relief of Constantin Koumantakis; to the Committee on the Judiciary.

H.R. 3563. A bill for the relief of Melunka Krunic; to the Committee on the Judiciary.

H.R. 3564. A bill for the relief of Pasquale (Pat) LaValle; to the Committee on the Judiciary.

H.R. 3565. A bill for the relief of Licia Marchi; to the Committee on the Judiciary.

H.R. 3566. A bill for the relief of Antonio E. Marti; to the Committee on the Judiciary.

H.R. 3567. A bill for the relief of Faustina Pereda; to the Committee on the Judiciary.

H.R. 3568. A bill for the relief of Motek Rodzynek; to the Committee on the Judiciary.

H.R. 3569. A bill for the relief of Dr. Juan G. Roederer; to the Committee on the Judiciary.

H.R. 3570. A bill for the relief of Sgt. John E. Scott, U.S. Air Force (retired); to the Committee on the Judiciary.

H.R. 3571. A bill for the relief of Miloye M. Sokitch; to the Committee on the Judiciary.

H.R. 3572. A bill for the relief of Sangwoo Suh and Yeong-Yull Suh; to the Committee on the Judiciary.

H.R. 3573. A bill for the relief of Apostolos Todis; to the Committee on the Judiciary.

H.R. 3574. A bill for the relief of Demetrios Verdos; to the Committee on the Judiciary.

H.R. 3575. A bill for the relief of Carl F. Yee; to the Committee on the Judiciary.

By Mr. ROGERS of Florida (by request):

H.R. 3576. A bill for the relief of Carlo Crinto; to the Committee on the Judiciary.

H.R. 3577. A bill for the relief of Giuseppe Desiderio; to the Committee on the Judiciary.

H.R. 3578. A bill for the relief of Gabriele Fioriti; to the Committee on the Judiciary.

H.R. 3579. A bill for the relief of Ronald C. Mullin; to the Committee on the Judiciary.

H.R. 3580. A bill for the relief of Michele Pucillo, his wife, Giagina Ragozzino Pucillo, and their minor daughter, Geraldina Pucillo; to the Committee on the Judiciary.

H.R. 3581. A bill for the relief of Jayarama Reddi Perumareddi; to the Committee on the Judiciary.

H.R. 3582. A bill for the relief of Valerio Rossi; to the Committee on the Judiciary.

By Mr. ROONEY of Pennsylvania:

H.R. 3583. A bill for the relief of Emanuele Catanzariti; to the Committee on the Judiciary.

H.R. 3584. A bill for the relief of Rosina Cervini; to the Committee on the Judiciary.

H.R. 3585. A bill for the relief of Nehmetallah Youssef Khouri; to the Committee on the Judiciary.

H.R. 3586. A bill for the relief of Andonios Merkouris; to the Committee on the Judiciary.

H.R. 3587. A bill for the relief of Marina Merkouris; to the Committee on the Judiciary.

H.R. 3588. A bill for the relief of Giovanni Rampulla; to the Committee on the Judiciary.

By Mr. SCHEUER:

H.R. 3589. A bill for the relief of Erodita Agard; to the Committee on the Judiciary.

H.R. 3590. A bill for the relief of Timothy L. Ancrum (also known as Timmie Rogers); to the Committee on the Judiciary.

H.R. 3591. A bill for the relief of Gisele Berjonneau; to the Committee on the Judiciary.

H.R. 3592. A bill for the relief of Sylvia Jean Bound; to the Committee on the Judiciary.

H.R. 3593. A bill for the relief of Samuel Castro and his wife, Sarah; to the Committee on the Judiciary.

H.R. 3594. A bill for the relief of Edith Cohen; to the Committee on the Judiciary.

H.R. 3595. A bill for the relief of Arie and Tova Edrich; to the Committee on the Judiciary.

H.R. 3596. A bill for the relief of Arita Zannides Genidounia; to the Committee on the Judiciary.

H.R. 3597. A bill for the relief of Grace Marie Gladden; to the Committee on the Judiciary.

H.R. 3598. A bill for the relief of Lea Gross and her son, Amir; to the Committee on the Judiciary.

H.R. 3599. A bill for the relief of Jose Z. Gutierrez, Jr., M.D.; to the Committee on the Judiciary.

H.R. 3600. A bill for the relief of Antonio Acupan Madrinan and Lilia Madrinan; to the Committee on the Judiciary.

H.R. 3601. A bill for the relief of Judith Novella Matthew; to the Committee on the Judiciary.

H.R. 3602. A bill for the relief of Vallan Pitts; to the Committee on the Judiciary.

H.R. 3603. A bill for the relief Dr. Nasser Shekib and Lila Shekib; to the Committee on the Judiciary.

H.R. 3604. A bill for the relief of Mary May Stout; to the Committee on the Judiciary.

H.R. 3605. A bill for the relief of Duke H. Vanderpuije; to the Committee on the Judiciary.

H.R. 3606. A bill for the relief of Sergio Villar; to the Committee on the Judiciary.

By Mr. SCHNEEBELI:

H.R. 3607. A bill for the relief of Kalender Arslan; to the Committee on the Judiciary.

By Mr. SCHWENGEL:

H.R. 3608. A bill for the relief of Sung-Won Ko; to the Committee on the Judiciary.

By Mr. SHRIVER:

H.R. 3609. A bill for the relief of Mah Bing Shoung (Lee Nyin); to the Committee on the Judiciary.

By Mr. SIKES:

H.R. 3610. A bill for the relief of Janet Sandra Jenkins; to the Committee on the Judiciary.

By Mr. SLACK:

H.R. 3611. A bill for the relief of Teresita Gorostica Reyes; to the Committee on the Judiciary.

By Mr. STAFFORD:

H.R. 3612. A bill for the relief of Alois Josef Betschart; to the Committee on the Judiciary.

H.R. 3613. A bill for the relief of Henry E. Dooley; to the Committee on the Judiciary.

By Mr. TEAGUE of California:

H.R. 3614. A bill for the relief of Teofila Pardo Ruiz; to the Committee on the Judiciary.

By Mr. THOMSON of Wisconsin:

H.R. 3615. A bill for the relief of Ricardo V. Alberto; to the Committee on the Judiciary.

By Mr. TUNNEY:

H.R. 3616. A bill for the relief of Menita Remoran Agriam; to the Committee on the Judiciary.

H.R. 3617. A bill for the relief of Delia Gayla Avecilla; to the Committee on the Judiciary.

H.R. 3618. A bill for the relief of Feliciana G. Avecilla; to the Committee on the Judiciary.

H.R. 3619. A bill for the relief of Jaime C. Avecilla, Sr.; to the Committee on the Judiciary.

H.R. 3620. A bill for the relief of Jamie G. Avecilla, Jr.; to the Committee on the Judiciary.

H.R. 3621. A bill for the relief of Josephine Avecilla; to the Committee on the Judiciary.

H.R. 3622. A bill for the relief of John Sebastian Bell; to the Committee on the Judiciary.

H.R. 3623. A bill for the relief of Aggeliki J. Boudouvas; to the Committee on the Judiciary.

H.R. 3624. A bill for the relief of A. C. Brown; to the Committee on the Judiciary.

H.R. 3625. A bill for the relief of Attilio and Elda Corrado and sons, Henry and Albert; to the Committee on the Judiciary.

H.R. 3626. A bill for the relief Armindo Lopez Fernandez de Carvalho; to the Committee on the Judiciary.

H.R. 3627. A bill for the relief of Manuel Miranda de Castro; to the Committee on the Judiciary.

H.R. 3628. A bill for the relief of Erna Karla Auguste Deumlich; to the Committee on the Judiciary.

H.R. 3629. A bill for the relief of Mrs. Sabina Riggi Farina; to the Committee on the Judiciary.

H.R. 3630. A bill for the relief of Joo Bok Lee; to the Committee on the Judiciary.

H.R. 3631. A bill for the relief of Daniel Marin Macias; to the Committee on the Judiciary.

H.R. 3632. A bill for the relief of Tao Shel Mah; to the Committee on the Judiciary.

H.R. 3633. A bill for the relief of Parachuting Associates, Inc.; to the Committee on the Judiciary.

H.R. 3634. A bill for the relief of Ephy Grace Peshek; to the Committee on the Judiciary.

H.R. 3635. A bill for the relief of Yee Yam Pong and his wife, Wong Kam Fong; to the Committee on the Judiciary.

H.R. 3636. A bill for the relief of Virginia Sansano Quidangen; to the Committee on the Judiciary.

H.R. 3637. A bill for the relief of Mrs. Marie J. Saladino; to the Committee on the Judiciary.

H.R. 3638. A bill for the relief of Rudolf Sandor, and his wife, Klara, and their son, Rudolph; to the Committee on the Judiciary.

H.R. 3639. A bill for the relief of Mrs. Constancia D. Saso; to the Committee on the Judiciary.

H.R. 3640. A bill for the relief of Susana Tomasa Ibay Valdez; to the Committee on the Judiciary.

H.R. 3641. A bill for the relief of Antonio Pesic Villero; to the Committee on the Judiciary.

By Mr. VANIK:

H.R. 3642. A bill for the relief of Renee Bernat; to the Committee on the Judiciary.

H.R. 3643. A bill for the relief of Tan J. I. Kie Sioe; to the Committee on the Judiciary.

H.R. 3644. A bill for the relief of Esther Tofahi; to the Committee on the Judiciary.